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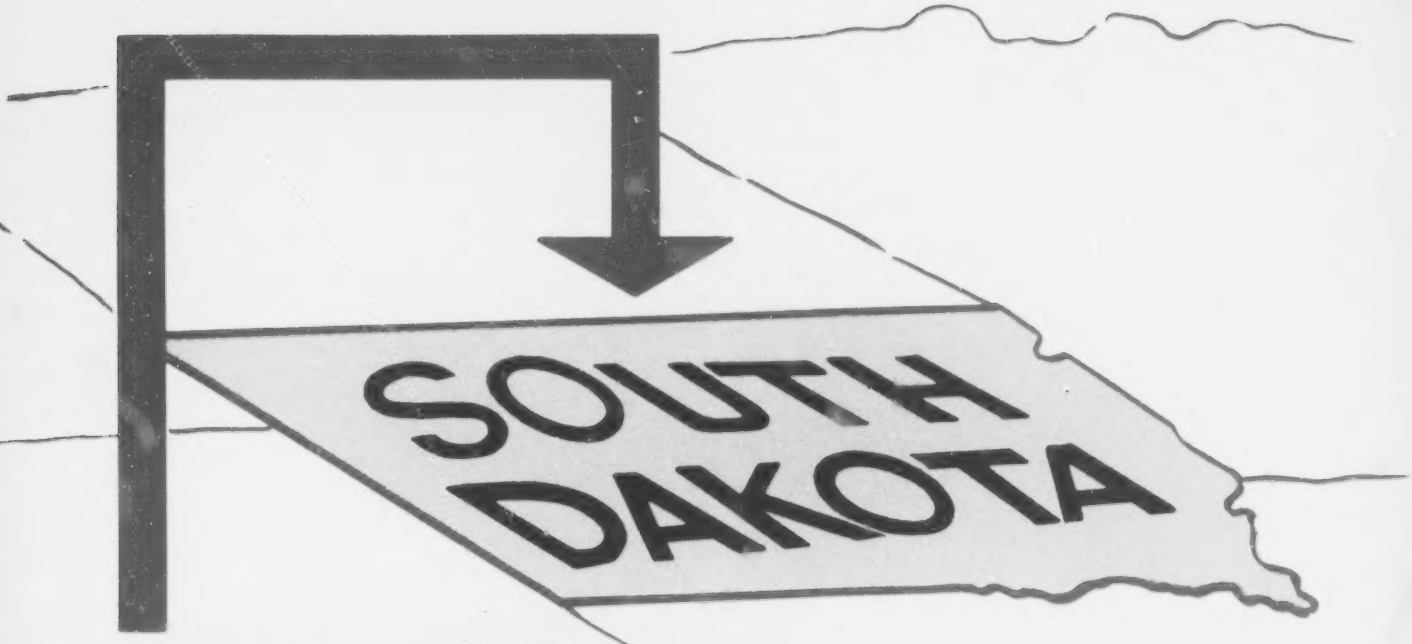

BUSINESS REVIEW

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PERSONAL INCOME 1981

by

MARK ZICKRICK

Introduction

For calendar year 1981, total personal income in South Dakota rose to 6.056 million dollars, which is $8,833 on a per capita basis. This represents a 14 and 15 percent increase, respectively, over 1980 levels. After North Dakota and Nebraska, this increase is the third largest growth rate in total personal income in the seven states of the Plains Region. The 14 percent increase is also fourth largest of all 50 states, trailing only North Dakota (24%), Nebraska and Texas (16%) and Oklahoma, Florida, and Louisiana (15%). This issue of the **SOUTH DAKOTA BUSINESS REVIEW** reports and reviews the most recent income information available from the Bureau of Economic Analysis, a division of the U.S. Department of Commerce.

About the Author: Mr. Zickrick, candidate for the M.B.A. degree at the School of Business, University of South Dakota, is a graduate research assistant of the Business Research Bureau.

Definitions

Before proceeding to this year's data, some definitions are in order. Personal income is defined as all income received less personal contributions for social insurance. Income can be from private or government wage and salary disbursements, farm and nonfarm proprietor's income, property income, personal dividend income, personal interest income, personal royalties, and transfer payments, as well as other labor income. The six major components of personal income are defined as follows:

1. Wage and salary disbursements is comprised of wages and salaries inclusive of executives' compensation, commissions, tips and bonuses, and the value of payments in kind which represent income to the recipient.
2. Other labor income includes employers' contributions to private pensions, health and welfare, and group insurance plans; compensation for injuries, pay for military reservists, directors' fees, and several minor items.
3. Proprietors' income measures the net business earnings of owners of unincorporated enterprises, consisting almost entirely of sole proprietorships and partnerships, but also including producers' cooperatives and other numerically minor forms of noncorporate business.
4. Property income consists of rental income received by persons, as well as dividends, interest, and royalties.
5. Transfer payments consist of receipts by persons from government and business (other than government interest) for which no services are currently rendered.
6. Contributions for social insurance include contributions made by individuals under the various social insurance programs. Payments by both employers and those who are self employed are included. These contributions are excluded from personal income by handling them as an explicit deduction item.

As personal income represents primarily payments to individuals for productive services rendered, measured movements in the series reflect underlying productive forces, changes in which result from changing market conditions. Thus, personal income represents a useful indicator of economic activity.

The reader is advised that in some tables, individual values may not sum to the reported total due to rounding. Also, the figures currently reported may vary somewhat from those of earlier articles because of updates in the information.

Total Personal Income

Table I shows Total Personal Income for South Dakota, as well as for the six other Plains States, for the years 1972 to 1981, inclusive. The total for the entire Plains Region is shown, as is the total for the U.S.

TABLE I
TOTAL PERSONAL INCOME, BY STATES IN PLAINS REGION
MILLIONS OF DOLLARS
1972-1981

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
IOWA	12,630	15,464	15,584	17,137	19,286	21,515	24,471	26,207	27,042	30,362
KANSAS	10,260	12,931	12,885	13,822	15,256	16,572	19,681	21,790	23,406	25,762
MINNESOTA	17,149	20,183	21,477	23,256	25,713	28,560	33,011	36,951	39,591	44,087
MISSOURI	10,159	12,594	14,157	16,119	18,649	21,951	25,599	29,925	32,851	37,682
NEBRASKA	6,744	8,108	9,278	9,105	9,818	10,488	11,855	13,505	14,071	16,346
NORTH DAKOTA	2,785	4,079	3,886	3,931	3,821	3,940	4,962	5,251	5,415	6,776
SOUTH DAKOTA	2,437	3,413	3,356	3,489	3,503	4,021	4,582	5,154	5,335	6,056
PLAINS REGION	72,162	85,315	89,950	97,054	105,987	115,996	130,915	147,273	157,710	177,020
UNITED STATES	648,952	1,058,902	1,167,253	1,296,681	1,385,201	1,534,709	1,726,732	1,943,579	2,153,593	2,405,598

SOURCE: BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE

Table II breaks Total Personal Income down to a per capita basis. South Dakota's Per Capita Personal Income averaged 88 percent of the per capita income of the Plains Region and 87 percent of the U.S. per capita income for the ten year period 1972-1981.

Table III shows, for the Plains States, the amount of total personal income that is disposable income; the amount left over after paying personal income taxes.

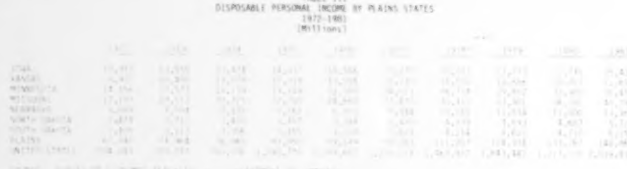


Table IV puts disposable income on a per capita basis and Table V shows the percent change for the periods of 1972 to 1981 and 1980 to 1981.

TABLE V
PERCENT CHANGE IN
PER CAPITA DISPOSABLE PERSONAL INCOME
PLAINS STATES

	1981/1980	1981/1972
IOWA	12.5	130
KANSAS	8.4	129
MINNESOTA	10.4	137
MISSOURI	10.5	126
NEBRASKA	17.1	128
NORTH DAKOTA	21.3	122
SOUTH DAKOTA	14.4	120
PLAINS REGION	11.6	129
UNITED STATES	10.1	129

COMPILED FROM TABLE IV

An interesting comparision is shown by Table VI. This Table shows per capita disposable income as a percentage of per capita personal income. South Dakota's average ratio for the ten-year period is 89.8 percent, putting it two percentage points above second-ranked North Dakota. Not only does South Dakota rank first among the Plains States, it is well above the average for the U.S. and the total Plains Region.

TABLE VI
PER CAPITA DISPOSABLE INCOME
AS PERCENTAGE OF PER CAPITA PERSONAL INCOME
PLAINS STATES

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Avg.	RANK
IOWA	86.4	87.6	85.0	86.3	85.0	85.0	85.5	84.7	84.2	83.8	85.4	5
KANSAS	86.9	87.2	86.1	87.0	86.7	85.9	85.9	85.3	84.7	83.9	86.0	3
MINNESOTA	84.9	86.3	84.1	84.6	84.2	84.1	83.8	83.0	83.3	82.8	84.1	7
MISSOURI	85.2	86.5	85.8	86.9	86.0	86.0	85.5	85.1	84.9	84.5	85.5	4
NEBRASKA	86.8	87.5	86.0	87.7	86.9	85.3	85.7	85.4	76.8	85.4	85.4	6
NORTH DAKOTA	90.1	91.2	88.0	87.9	87.3	87.5	87.2	87.5	86.6	85.1	87.8	2
SOUTH DAKOTA	91.2	91.2	89.6	90.4	88.9	90.3	89.8	89.5	88.4	88.5	89.8	1
PLAINS REGION	86.2	87.2	85.6	86.5	85.7	85.5	85.4	84.8	84.5	84.1	85.6	
UNITED STATES	85.2	86.9	85.4	86.7	85.9	85.3	85.1	84.6	84.4	84.0	86.2	

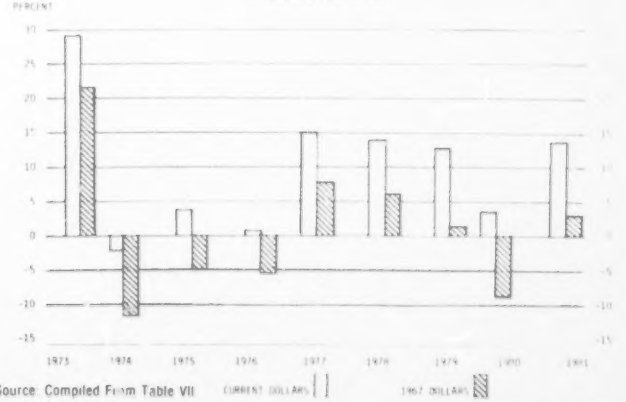
From Table VII, it is shown that South Dakota's total personal income of 6.056 million dollars in 1981, when deflated by the Consumer Price Index, is equivalent to 2.223 million dollars in 1967 dollars. In real, inflation adjusted terms the growth from 1980 to 1981 is 2.8 percent, as contrasted to a nominal growth of 13.5 percent.

TABLE VII
TOTAL PERSONAL INCOME IN SOUTH DAKOTA
Current and 1967 Dollars
1972-1981

	In Current Dollars*	% Change From Previous Year	In 1967 Dollars*	% Change From Previous Year
1972	2,637		2,105	
1973	3,413	29.4	2,564	21.8
1974	3,356	-1.7	2,272	-11.4
1975	3,489	4.0	2,164	- 4.8
1976	3,503	0.4	2,055	- 5.0
1977	4,021	14.8	2,215	7.8
1978	4,582	14.0	2,345	5.9
1979	5,154	12.5	2,371	1.1
1980	5,335	3.5	2,162	-8.8
1981	6,056	13.5	2,223	2.8

*In Millions

This adjustment of the growth rate in total personal income is important for the following reason: While total personal income grew 13.5 percent in 1981 over the previous year, the CPI also grew, but at a lesser rate. The 10.4 percent growth in the CPI for the same period lowers the total personal income growth to a 2.8 percent growth in 1967 dollars. This 2.8 percent is the real (physical) increase in goods and services the individual will be able to enjoy. The impact of inflation can perhaps more fully be realized when shown in graphical form as shown in Figure 1.



Source: Compiled From Table VII

(Continued on Page 6)

TREND OF BUSINESS

The National Outlook

When will the recession end? This is the question that many are asking. The present recession began in July of 1981 and appears to have continued through the first three quarters of 1982. After a false start in May and June of 1982, the economy appeared to resume its no-growth stance in late summer and early fall. However, the evidence is accumulating that the recession has just about run its course and 1983 should be a year of modest recovery. Consensus forecasts indicate that real GNP will grow by 3 to 4 percent in 1983. It should be noted that this is a very modest upturn compared to others in the postwar period which typically increased 6 to 7 percent in the first year of recovery.

The ingredients of the recovery are more rapid monetary expansion, lower interest rates, and lower inflation rates. Consumer expenditures are expected to improve as is homebuilding. Business capital spending is expected to lag in the upturn. So while the news for 1983 is not expected to be great it should be better than 1982.

The South Dakota Outlook

On a seasonally adjusted basis, employment in the construction industry increased slightly in the third quarter of 1982 compared to the second quarter of this year.

For this same period there was a drop in South Dakota's unemployment rate from 5.2 to 5.0 percent. This is still well below the seasonally adjusted national average of 10.1 percent.

South Dakota's personal income rose slightly in the second quarter of 1982 compared to the first quarter of this year and decreased very little compared to the second quarter of 1981. Non-farm personal income in the Plains Region increased 1.7 percent in the second quarter of 1982 compared to the first quarter. South Dakota's non-farm personal income for this period increased only 1.2 percent. The mining sector suffered a 21.0 percent loss for this period, caused by the Homestake strike which concluded the end of September.

Farm proprietor's income showed some gain in the second quarter of 1982 compared to the previous quarter. It is still below the income figure of the second quarter of 1981.

Taxable retail sales in South Dakota increased 11.7 percent in the second quarter of 1982 compared to the previous quarter. Seasonally adjusted with 1972 as the base year, this gain was less than 1 percent.

New car and new truck sales remained sluggish in the third quarter of 1982 compared to the second quarter of this year. Hopefully lowered interest rates will give some impetus to future vehicle sales.

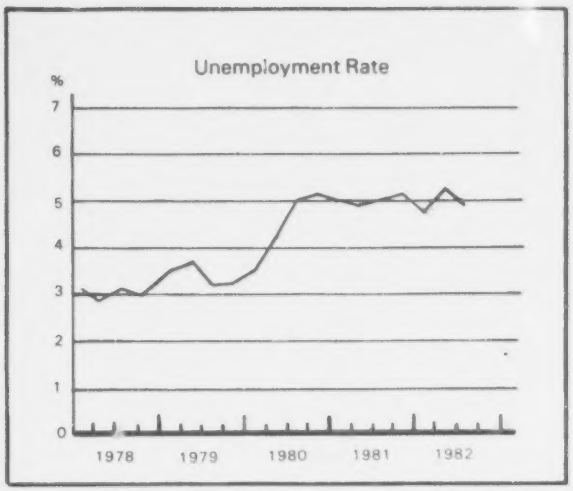
South Dakota Business Indices
1981-1982, Quarterly
Seasonally Adjusted
(1972=100)

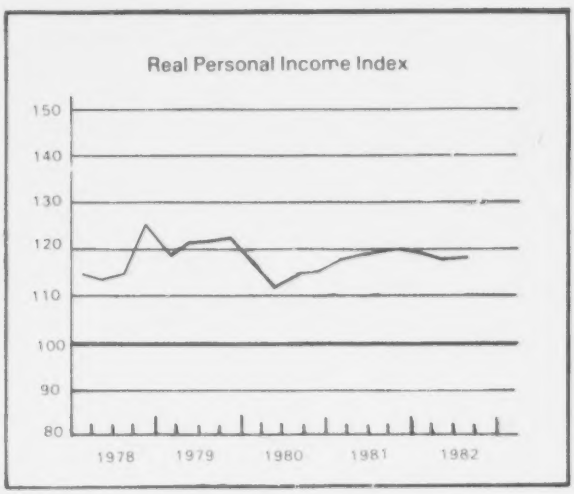
	1981				1982		
Indicator	1st	2nd	3rd	4th	1st	2nd	3rd
Pers. Income	118.6	119.0	120.5	119.7	118.1	118.6	NA
Farm Prop. Inc.	36.2	37.4	44.2	39.6	29.7	30.9	NA
Tax. Retail Sales	120.9	120.7	123.8	120.0	117.3	118.4	NA
Unemp. Rate (%)	5.1	5.0	5.0	5.2	4.8	5.2	5.0
Const. Employ.	116.2	117.0	120.8	106.5	101.2	97.7	98.4
New Cars	68.7	84.6	74.4	67.8	66.4	59.8	58.7
New Trucks	50.8	48.6	42.4	52.5	57.2	59.6	52.9

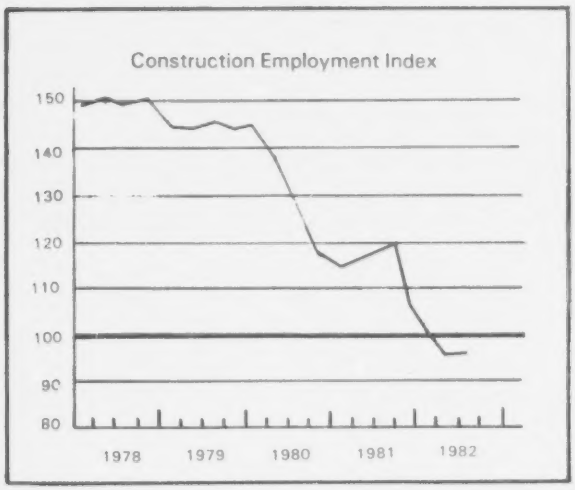
NA = Not Available

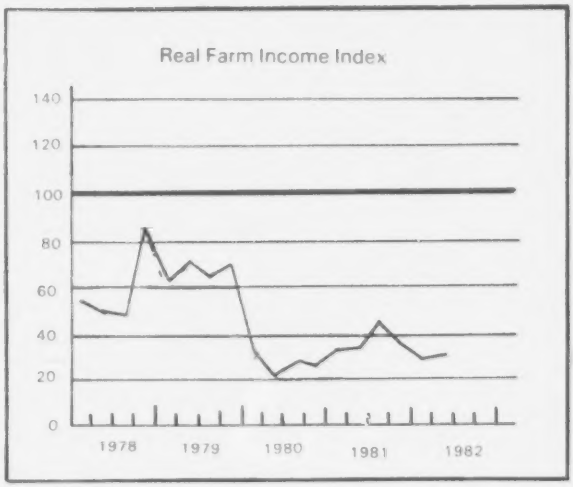
SOUTH DAKOTA BUSINESS & ECONOMIC INDICES

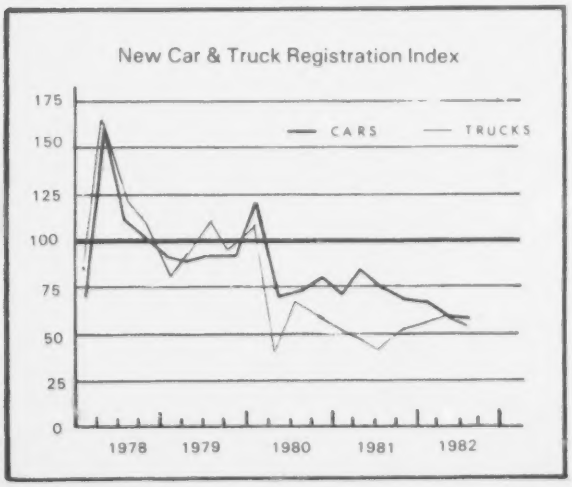
Quarterly Data 1978-1982
Adjusted for Seasonal Variation

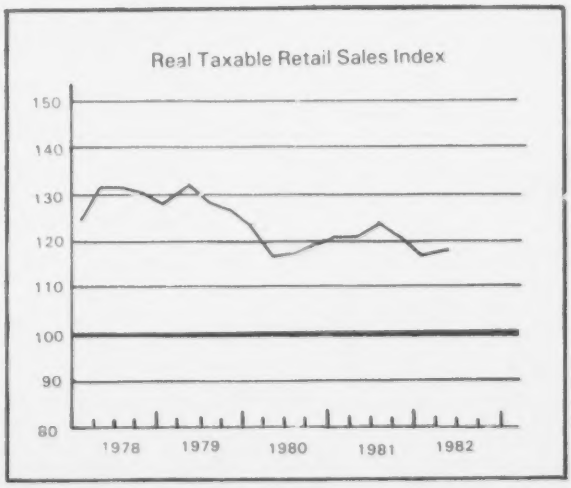












(Continued from Page 3)

Figure 1 reveals that while growth in total personal income was falling from 1977 to 1980, it rose again in 1981.

Major Sources of Personal Income

Table VIII shows the major sources of Total Personal Income for South Dakota for the past three years. As opposed to the continual growth of nonfarm income, personal income by farm residence has shown a roller-coaster effect. These same figures also apply to the "Earnings by Industry" for farms.

Personal income is derived as follows: total earnings by place of work are added to adjustments for residence, income from dividends and interest and income from rent and transfer payments. From that sum are subtracted personal contributions for social insurance to arrive at a personal income.

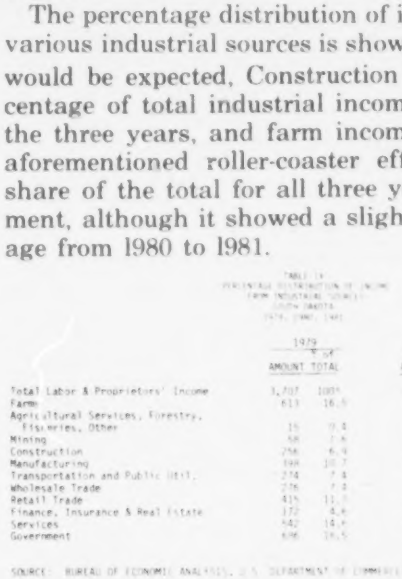
TABLE VIII
SOUTH DAKOTA PERSONAL INCOME BY MAJOR SOURCES
1979, 1980, 1981
(Millions of Dollars)

	1979	1980	1981
TOTAL PERSONAL INCOME BY PLACE OF RESIDENCE	5,154	5,335	6,056
Farm	613	299	451
Nonfarm	4,541	5,036	5,605
DERIVATION OF TOTAL PERSONAL INCOME:			
Total Earnings by Place of Work	3,707	3,593	3,986
Less: Personal Contributions for Social Insurance	208	225	262
Plus: Adjustment for Residence, Dividends, Interest, Rent, Transfer Payments	1,654	1,968	2,332
EARNINGS BY PLACE OF WORK			
Wages and Salaries	2,567	2,758	2,964
Other Labor Income	215	230	250
Proprietors' Income	925	604	773
Farm	552	236	386
Nonfarm	373	368	386
EARNINGS BY INDUSTRY			
Farm	613	299	451
Nonfarm	3,094	3,293	3,535
Private	2,408	2,544	2,730
Agricultural Services, Forestry, Fisheries and Other	15	18	19
Mining	58	65	73
Construction	256	237	235
Manufacturing	398	422	456
Nondurables	203	220	235
Durables	196	202	220
Transportation & Public Util.	274	294	313
Railroads	24	25	25
Trucking and Warehousing	110	117	120
Water Transportation	(D)	.2	.2
Other Transportation	(D)	21	22
Communication	68	71	78
Electric, Gas and Sanitary Serv.	53	60	66
Wholesale Trade	276	296	308
Retail Trade	415	421	447
Finance, Insurance & Real Estate	173	186	202
Banking	62	70	78
Other Finance, Insurance & Real Est.	110	116	123
Services	543	603	678
Hotels & Lodging	23	25	27
Amusement & Recreation, inc. motion pictures	14	14	16
Private Households	15	16	17
Personal Services	28	31	33
Business & Repair	70	75	87
Professional, Social & Related Serv.	392	444	499
Government & Govt. Enterprises	686	749	805
Federal, Civilian	183	199	208
Federal, Military	90	97	111
State and Local	413	453	486

SOURCE: BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE
(D) NOT SHOWN TO AVOID DISCLOSURE OF CONFIDENTIAL INFORMATION.

As shown in Table VIII, the Construction industry was the only industry besides Farming to show adverse earnings. The Construction industry saw a 7 percent decrease in growth from 1979 to 1980 and a 1 percent decrease from 1980 to 1981. Farm earnings decreased a whopping 51 percent from 1979 to 1980 but managed to increase by the same percentage from 1980 to 1981. For the period 1980 to 1981, notable increases in earnings of 12 percent were made by both the Mining and the Services industries. The Finance industries gained 9 percent in earnings and the Manufacturing industry gained 8 percent.

The percentage distribution of income among the various industrial sources is shown by Table IX. As would be expected, Construction income as a percentage of total industrial income has fallen over the three years, and farm income has shown the aforementioned roller-coaster effect. The biggest share of the total for all three years was Government, although it showed a slight drop in percentage from 1980 to 1981.



County Personal and Per Capita Income

Table X shows Personal Income for South Dakota counties for the years 1978, 1979 and 1980. The most recent year shown is 1980 because information on a county basis for 1981 is not yet available.

TABLE X
COUNTY PERSONAL INCOME
SOUTH DAKOTA COUNTIES
(Millions of Dollars)

	1978	1979	1980	1980 Rank
AURORA	19.3	22.2	21.0	53
BEADLE	137.7	157.6	167.7	5
BENNETT	15.9	18.7	18.5	59
BON HOMME	47.7	55.2	51.2	27
BROOKINGS	143.8	168.1	176.1	4
BROWN	266.6	303.1	326.4	3
BRULE	36.8	42.5	43.4	30
BUFFALO	9.4	9.4	9.6	66
BUTTE	49.7	55.7	60.3	21
CAMPBELL	16.9	17.4	18.5	58
CHARLES MIX	54.0	59.6	58.4	23
CLARK	31.2	35.3	33.0	40
CLAY	80.2	90.2	88.9	13
CODINGTON	134.0	154.4	165.3	6
CORSON	22.9	25.1	26.7	48
CUSTER	30.8	36.0	38.9	33
DAVISON	120.4	135.7	144.4	10
DAY	48.2	52.6	55.7	26
DEUEL	28.7	34.6	31.7	44
DEWEY	26.9	31.1	34.0	38
DOUGLAS	23.8	26.6	23.2	51
EDMUNDS	30.3	32.1	33.9	39
FALL RIVER	60.4	69.9	74.4	15
FAULK	23.3	26.6	26.9	47
GRANT	57.0	66.6	69.1	18
GREGORY	36.9	41.9	42.1	31
HAAKON	19.3	23.6	24.0	50
HAMLIN	29.3	35.0	32.3	43
HAND	34.7	38.7	38.7	34
HANSON	17.4	19.8	16.7	61
HARDING	12.6	13.8	15.1	62
HUGHES	104.3	117.3	129.9	11
HUTCHINSON	57.4	66.3	58.6	22
HYDE	14.0	16.4	16.8	60
JACKSON	15.0	19.0	19.4	56
JERAULD	16.2	18.3	18.6	57
JONES	10.2	12.0	11.4	65
KINGSBURY	43.9	51.4	49.1	28
LAKE	66.4	76.6	73.3	16
LAWRENCE	115.3	132.4	146.6	8
LINCOLN	88.2	103.5	94.3	12
LYMAN	23.1	27.4	27.6	46

TABLE X (CONTINUED)

	1978	1979	1980	1980 Rank
MC COOK	39.5	45.0	39.7	32
MC PHERSON	26.1	29.4	31.4	45
MARSHALL	35.4	37.7	38.4	35
MEADE	121.5	135.2	145.4	9
MELLETTE	11.0	13.4	13.4	63
MINER	24.3	27.0	24.7	49
MINNEHAHA	871.1	991.2	1,069.4	1
MOODY	43.8	53.7	46.7	29
PENNINGTON	499.8	575.5	621.1	2
PERKINS	31.9	34.3	36.4	36
POTTER	30.1	31.9	32.8	42
ROBERTS	59.0	65.9	67.2	19
SANBORN	19.1	22.2	20.4	54
SHANNON	26.1	30.7	32.9	41
SPINK	60.9	66.0	64.4	20
STANLEY	15.1	17.6	19.7	55
SULLY	21.7	23.0	22.8	52
TODD	30.5	35.3	35.8	37
TRIPP	51.2	56.7	57.6	24
TURNER	68.9	81.2	70.1	17
UNION	78.9	91.8	84.6	14
WALWORTH	47.4	52.7	56.4	25
YANKTON	125.4	142.4	152.3	7
ZIEBACH	10.5	11.6	12.6	64

Table X also shows rankings which don't always correspond with the per capita income rank order of Table XI. For example, Hughes County is ranked No. 11 in Table X but is No. 3 in Table XI. Todd County, ranked No. 37 in Table X is No. 64 on Table XI. The differences in the rankings are attributable to proportionate differences in the population size.

TABLE XI
COUNTY PER CAPITA INCOME
SOUTH DAKOTA COUNTIES
(Dollars)

	1978	1979	1980	1980 Rank
AURORA	5,097	5,984	5,788	57
BEADLE	7,073	8,131	8,716	9
BENNETT	4,862	5,785	5,693	58
BON HOMME	5,806	6,759	6,334	48
BROOKINGS	6,166	7,024	7,219	30
BROWN	7,116	8,314	8,811	7
BRULE	6,683	8,010	8,264	11
BUFFALO	5,456	5,578	5,349	62
BUTTE	6,034	6,632	7,191	31
CAMPBELL	7,419	7,838	8,240	12
CHARLES MIX	5,422	6,045	6,017	54
CLARK	6,100	7,144	6,732	42
CLAY	6,075	6,779	6,753	40
CODINGTON	6,450	7,386	7,895	20
CORSON	4,099	4,531	5,119	63
CUSTER	5,632	6,383	6,460	45
DAVISON	6,717	7,624	8,085	14
DAY	5,780	6,483	6,832	38
DEUEL	5,421	6,421	5,971	55
DEWEY	5,241	6,237	6,323	49
DOUGLAS	5,501	6,227	5,547	60
EDMUNDS	5,544	6,080	6,562	44
FALL RIVER	7,231	8,489	8,800	8
FAULK	6,811	7,875	8,071	15
GRANT	6,229	7,492	7,653	27
GREGORY	6,236	7,037	6,988	35
HAAKON	7,200	8,770	8,586	10
HAMLIN	5,553	6,533	6,125	53
HAND	6,871	7,851	7,794	21
HANSON	4,990	5,762	4,870	65
HARDING	7,590	8,413	8,843	5
HUGHES	7,253	8,252	9,115	3
HUTCHINSON	6,155	7,215	6,254	50
HYDE	6,286	7,360	8,112	13
JACKSON	4,333	5,614	5,643	59
JERAULD	5,380	6,093	6,346	46
JONES	6,511	8,113	7,773	23
KINGSBURY	6,476	7,629	7,331	29
LAKE	6,261	7,265	6,823	39
LAWRENCE	6,623	7,445	7,973	18
LINCOLN	6,940	7,909	6,748	41
LYMAN	5,909	7,293	7,133	32
MC COOK	6,016	6,894	6,139	52
MC PHERSON	6,130	7,038	7,779	22
MARSHALL	6,210	6,834	7,097	33
MEADE	5,910	6,400	7,004	34
MELLETTE	5,013	5,975	5,940	56
MINER	6,306	7,314	6,586	43
MINNEHAHA	8,291	9,281	9,750	2
MOODY	6,544	8,170	6,967	37
PENNINGTON	6,879	7,855	8,836	6
PERKINS	6,750	7,264	7,733	25
POTTER	7,849	8,559	8,910	4
ROBERTS	5,192	5,911	6,146	51
SANBORN	5,605	6,555	6,343	47
SHANNON	2,444	2,757	2,897	66
SPINK	6,446	7,107	6,987	36
STANLEY	6,086	7,353	7,750	24

TABLE XI (CONTINUED)

	1978	1979	1980	1980 Rank
SULLY	10,660	11,851	11,436	1
TODD	4,036	4,626	4,677	64
TRIPP	6,755	7,653	7,906	19
TURNER	7,690	9,108	7,555	28
UNION	7,422	8,582	7,720	26
WALWORTH	6,280	7,157	8,027	16
YANKTON	6,636	7,594	8,019	17
ZIEBACH	4,745	5,295	5,438	61

The final table shows the percent change in personal and per capita income for the '79 to '80 period by county. In personal income the biggest gain was made by Stanley County; while Corson County had the biggest gain in per capita income. Personal Income and Per Capita Income ranks in this table correspond more closely then the rankings shown in Table X and XI. However, there are still differences. For example, Harding County is ranked third in percent change in personal income, but is ranked ninth in percent change in per capita income.

TABLE XII
PERCENT CHANGE IN PERSONAL INCOME
AND PER CAPITA INCOME
SOUTH DAKOTA COUNTIES
1979/1980

	% Change PERSONAL INCOME	RANK	% Change PER CAPITA INCOME	RANK
AURORA	- 5	17	- 3	18
BEADLE	6	6	7	7
BENNETT	- 1	14	- 2	17
BON HOMME	- 7	19	- 6	20
BROOKINGS	5	7	3	11
BROWN	8	4	6	8
BRULE	2	10	3	11
BUFFALO	2	10	- 4	19
BUTTE	8	4	8	6
CAMPBELL	6	6	5	9
CHARLES MIX	- 2	15	- .5	15
CLARK	- 6	18	- 6	20
CLAY	- 1	14	- .4	14
CODINGTON	7	5	7	7
CORSON	7	5	13	1
CUSTER	8	4	1	13
DAVISON	6	6	6	8
DAY	6	6	5	9
DEUEL	- 8	20	- 7	21
DEWEY	9	3	1	13
DOUGLAS	-13	23	-11	23
EDMUNDS	6	6	8	6
FALL RIVER	6	6	4	10
FAULK	1	11	2	12
GRANT	4	8	2	12
GREGORY	.5	12	- 1	16
HAAKON	2	10	- 2	17
HAMLIN	- 8	20	- 6	20
HAND	0	13	- 1	16
HANSON	-16	24	-15	25
HARDING	9	3	5	9
HUGHES	11	2	10	4
HUTCHINSON	-12	22	-13	24
HYDE	2	10	10	4
JACKSON	2	10	1	13
JERAULD	2	10	4	10
JONES	- 5	17	- 4	20
KINGSBURY	- 1	16	- 4	20
LAKE	- 2	15	- 6	20
LAWRENCE	11	2	7	7
LINCOLN	- 9	21	-15	25
LYMAN	1	11	- 2	18
MC COOK	-12	22	-11	23
MC PHERSON	7	5	11	3
MARSHALL	2	10	4	10
MEADE	8	4	9	5
MELLETTE	0	13	- 1	16
MINER	- 9	21	-10	22
MINNEHAHA	8	4	5	9
MOODY	-13	23	-15	25
PENNINGTON	8	4	12	2
PERKINS	6	6	6	8
POTTER	3	9	4	10
ROBERTS	2	10	4	10
SANBORN	- 8	20	- 3	18
SHANNON	7	5	5	9
SPINK	- 2	15	- 2	17
STANLEY	12	1	5	9
SULLY	- 1	14	- 4	19
TODD	1	11	5	9
TRIPP	2	10	3	11
TURNER	-14	24	-17	26
UNION	- 8	20	-10	22
WALWORTH	7	5	12	2
YANKTON	7	5	6	8
ZIERACH	9	3	3	11

THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

by

PETER MALDONADO

In recent years major changes to the tax system have taken place with increasing frequency. In 1980, Congress enacted the **Windfall Profit Tax Act,** the **Installment Sales Revision Act,** the **Bankruptcy Tax Act,** and the **Technical Corrections Act.** Congress passed, in 1981, the **Economic Recovery Tax Act** (ERTA), which represented the largest tax cut ever passed. In response to concerns that ERTA went too far in reducing taxes, and before all the ramifications of that act were fully digested Congress presented the nation with its most recent adjustment of the tax system.

The **Tax Equity and Fiscal Responsibility Act** (TEFRA) of 1982 was designed to increase tax revenues by nearly $100 billion over the next three years by a combination of spending cuts and tax increases, whose primary impact falls mainly on business. TEFRA affected business by reducing a number of tax preference items, and striving to improve collections and enforcements. The law placed an increased emphasis on compliance, and,. as such increased to a large extent the record-keeping and reporting requirements of business. Early reviews described the law as follows:

. . . a paperwork nightmare,
. . . a boon to microcomputer vendors,
. . . a possible nightmare for small business without computerized records,
. . . dares taxpayers to be anything less than squeaky clean.

Business Income Tax Provisions

Congress regarded the benefits, created by ERTA under the Accelerated Cost Recovery System (ACRS) for most personal property, when taken together with the regular investment tax credit (ITC), as too generous; hence, Congress decided to withdraw some of those benefits. This was accomplished by repealing the scheduled increases in rates for property placed in service after 1984 and by requiring that the asset bases be reduced by half of the ITC claimed on the asset. The net effect of the first was to make permanent the ACRS rate which approximated the benefits of the 150 percent declining-balance method with a change to the straight-line method at such time as the deduction would be maximized. The combined rate change and ITC reduction in basis produced a more pronounced benefit loss.

TEFRA required that the basis of property put in service after 1982 be reduced by the following amounts: by 50 percent of the regular ITC, by 50 percent of the allowable energy ITC, and by 50 percent of the 25 percent ITC for rehabilitation of certified historic structures. The basis reduction affected the ACRS deductions and the gain and loss on disposal. However, the downward adjustment was disregarded in computing depreciation for financial reporting purposes. As an alternative to basis reduction, a taxpayer could elect to reduce the regular ITC percentage by two points. The ITC could be used to offset the first $25,000 of taxable income plus 85 percent of the amount over $25,000.

After 1982 all taxpayers would be required to capitalize interest and real property taxes relating to the construction period of real property that would be used in trade or business. The interest and taxes were to be amortized over a 10-year period. Only subchapter S corporations and personal holding companies would be required to capitalize the above items in the case of residential construction.

The Treasury Department was directed to amend its regulation relative to long-term contract accounting. The regulations would address the problem of when a contract was considered completed, when one agreement was to be treated as more than one contract, and when several agreements were to be treated as one contract. The regulations would dictate which costs were to be allocated to long-term contracts. Costs that were previously deductible as period cost and which would be required to be allocated, would be phased-in over a three-year period.

The targeted job credits, which were scheduled to expire at the end of 1982, were extended for two more years, through 1984. The Act added certain youths from disadvantaged families hired for summer jobs, to the list of qualified employees.

Changes Designed to Improve Taxpayer Compliance

Those aspects of TEFRA which were designed to improve taxpayer compliance would generate large amounts of paperwork for busiess. The Act authorized regulations to be issued requiring the use of magnetic media, or paper forms capable of optical scanning, for information to be supplied the IRS. The directive suggested that in issuing the regulations, the Treasury should consider costs to be incurred by the taxpayer, as well as his compliance capabilities. Forms entered on magnetic media permit the expeditious handling of returns and yield significant cost savings.

In order to assure that income taxes on interest, dividends, and patronage dividends do not escape collection, the Act required that monies be withheld, commencing on July 1, 1983 at a rate of 10 percent when the above items would be paid or credited to the taxpayer. The payor would be liable for taxes that were not withheld unless there had been a reasonable reliance on the certification of exemption provided by the payee. Exemptions would be obtained by individuals whose tax liability did not exceed $600 ($1,500, if over 65) or $1,000 for married couples filing jointly ($2,500, if over 65). A number of other entities could also seek exemptions. Interest on tax-exempt obligations would not be subject to withholding.

TEFRA allowed payors to elect not to withhold on

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interest payments that total less than $150 on an annual basis.

The payor must provide information returns and provide the recipients with statements of the amounts subject to withholding and the amounts withheld.

Starting on January 1, 1983 withholding would also be required from qualified pension, profit-sharing, or stock bonus plans, from a tax-sheltered annuity, or from an IRA unless the recipient directed that such withholding not be made. In the case of periodic payments, withholding would be made as if the payments were wages. For nonperiodic payments, a rate of 10 percent would apply. For a lump-sum distribution from a qualified plan, account would be taken of the adjustments that resulted from the 10-year forward income averaging and the availablility of capital gains treatments.

Payors would be liable for withholding and for paying withheld taxes. Every annuity recipient must be advised of the application of the withholding rules, as well as of the right to make, renew, or revoke an election relative to withholding.

After December 31, 1982, any person making interest payments of $10 or more to any other person must file an information return and furnish the recipient with a statement on or before January 31 of the following calendar year.

Restaurants and cocktail lounges normally employing ten or more persons would be required to file annual information returns showing gross food and beverage sale recipients, total charge sales, employee reported tip income, and total charge tips for the calendar year. The Act required that 8 percent of the gross receipts must be allocated among the employees who receive tips as income.

If voluntarily reported tips exceed the 8 percent, then no allocation is necessary. Employers would incur no liability in connection with tip allocation disputes. The employer must provide the employees, during the following January, a statement showing the employer's allocation of the 8 percent amount to the extent that it exceeded the amount reported by the employee.

Penalty Provisions

From reading of the items above it can be seen that the Act has increased the number of transactions for which information returns must be filed. To ensure compliance with this reporting requirement, the Act raised the penalty for failure to file from $10 to $50 per failure. Furthermore, the maximum penalty that may be levied on one taxpayer in a given year was increased from $25,000 to $50,000. A willful failure to file would result in a penalty of not less than 10 percent of the unreported amounts, in which case, the $50,000 limit would not apply.

The legislation imposed new penalties and increased the current penalties on activities connected with the filing of information returns, statements, and tax returns.

If a taxpayer failed to provide or provided an incorrect identification number (IN) to a person who must file an information return, withholding would occur at a 15 percent rate. Failure to furnish the In would give rise to a $50 penalty per failure.

Individuals who file frivolous tax returns would be subjected to a $500 fine. A frivolous return was defined as one who: (1) uses irregular 1040 forms not easy to process; (2) resorts to spurious constitutional arguments instead of presenting a completed tax form; (3) provides form with insufficient information; (4) presents deliberately inconsistent information; (5) makes "gold standard" or "war tax" deductions; and (6) deliberately uses incorrect tax tables.

Inflation adjustments to criminal penalties for individuals included an increase to $100,000 for a willful attempt to evade any tax; to $25,000 for a willful failure to keep records, report information, or pay any tax; to $100,000 for willful filing of a false declaration under penalty of perjury; and to $10,000 for willful delivery of a false or fraudulent document.

After December 31, 1982 all interest payable to or by the United States under the internal revenue laws would be required to be compounded daily at a rate to be redetermined semiannually, based on an average adjusted prime rate.

Major Changes in the Pension Provisions

William L. Raby, chairman of the American Institute of CPAs' Federal Taxation Executive Committee labeled the pension changes under TEFRA "as revolutionary as any since 1942,. . . more revolutionary than the pension reforms of 1974." Starting in 1984, the Act created equality between individual and corporate plans. The legislation limited the maximum annual retirement benefits to $90,000, the maximum annual additions to $30,000, and freezes the cost-of-living adjustments to the overall dollar limits for three years ending on December 31, 1985. It increased the age below which actuarial reductions are required in the maximum benefit limit from 55 to 62. The Act eliminated the distinction between corporate plans and Keogh plans. A number of special Keogh Plan rules were repealed.

A number of changes would affect "top-heavy" plans, which primarily benefit an employers' key employees. These requirements: (1) provide alternative rapid vesting schedules, (2) provide minimum benefits for non-key employees, (3) limits to $200,000 the participant's compensation which may be used in determining benefits, and (4) reduces the aggregate limit on contributions and benefits to key employees.

Like the previous major changes in the tax system, the full implications of all of the changes inherent in TEFRA will take some time to become fully digested and understood.

GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Half 1981 and First Half 1982
($000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue State and City Sales and Use Tax Return

REGION I	Jan-June 1981	Jan-June 1982	% Change Jan.-June 1981/1982
Brookings	93,302	93,180	-0.1
Brookings	76,846	79,678	3.7
Elkton	3,321	3,627	9.2
Volga	2,936	3,076	4.8
Clark	12,342	13,357	8.2
Clark	7,170	8,480	18.3
Codington	133,488	136,192	2.0
Watertown	127,068	130,880	3.0
Deuel	14,879	14,837	-0.3
Clear Lake	8,622	8,203	-4.9
Gary	1,048	1,229	17.3
Grant	37,462	40,571	8.3
Big Stone	1,106	1,542	39.4
Milbank	31,058	33,406	7.6
Hamlin	16,396	16,711	1.9
Bryant	3,652	3,324	-9.0
Castlewood	2,760	2,480	-10.1
Estelline	3,328	3,296	-1.0
Hayti	2,757	2,622	-4.9
Kingsbury	30,786	30,664	-0.4
Arlington	9,112	9,439	2.6
DeSmet	8,131	7,629	-6.2
Lake Preston	4,554	4,424	-2.8
Lake	47,545	45,540	-4.2
Madison	42,444	40,706	-4.1
Miner	15,232	11,717	-23.1
Howard	11,333	8,312	-26.7
Moody	27,492	28,209	2.6
Colman	10,033	12,651	26.1
Flandreau	12,264	11,660	-4.9
TOTAL	428,925	430,977	0.5

REGION III	Jan-June 1981	Jan-June 1982	% Change Jan.-June 1981/1982
Aurora	10,336	10,077	-2.5
Plankinton	4,259	4,515	6.0
Bon Homme	26,661	27,099	1.6
Avon	4,334	5,103	17.8
Scotland	6,302	6,521	3.5
Springfield	3,946	4,184	6.0
Tyndall	9,110	8,448	-7.3
Brule	26,545	27,851	4.9
Chamberlain	19,673	20,672	5.1
Kimball	5,851	6,122	4.6
Charles Mix	35,643	35,442	-0.6
Geddes	2,698	2,674	-0.9
Lake Andes	4,474	4,247	-5.1
Platte	11,752	12,147	3.4
Wagner	15,497	15,260	-1.5
Davison	129,041	124,310	-3.7
Mitchell	119,583	116,755	-2.4
Douglas	17,104	16,331	-4.5
Armour	5,080	5,153	1.4
Corsica	10,070	9,419	-6.5
Gregory	27,523	25,996	-5.5
Burke	4,584	4,212	-8.1
Gregory	12,969	12,693	-2.1
Hanson	15,232	14,054	-7.7
Alexandria	10,240	8,986	-12.2
Emery	2,868	3,001	4.6
Hutchinson	41,296	47,586	15.2
Freeman	15,283	20,836	36.3
Menno	4,608	5,199	12.8
Parkston	13,864	14,037	1.2
Tripp	3,094	3,571	15.4
Jerauld	15,371	16,421	6.8
Wess. Sprgs.	10,322	13,403	29.8
Sanborn	8,304	9,272	11.7
Woonsocket	6,185	7,107	14.9
Yankton	143,096	139,768	-2.3
Yankton	135,184	131,599	-2.7
TOTAL	496,152	494,208	-0.4

REGION V	Jan-June 1981	Jan-June 1982	% Change Jan.-June 1981/1982
Buffalo	1,785	650	-63.6
Campbell	10,704	6,236	-41.7
Herreid	3,084	3,907	26.7
Corson	6,976	7,070	1.3
McIntosh	1,520	1,470	-3.3
McLaughlin	3,363	3,613	7.4
Dewey	11,854	11,557	-2.5
Eagle Butte	5,819	5,630	-3.2
Isabel	1,966	2,066	5.0
Timber Lake	3,031	2,888	-4.7
Haakon	18,206	16,701	-8.3
Philip	16,224	15,164	-6.5
Hughes	70,338	66,286	-5.8
Pierre	66,294	62,549	-5.6
Blunt	2,780	2,640	-5.0
Hyde	9,807	9,913	1.1
Highmore	9,587	9,732	1.5
Jones	8,734	9,219	5.6
Murdo	7,822	8,140	4.1
Lyman	9,682	9,185	-5.1
Presho	2,732	2,655	-2.8
Mellette	2,626	2,419	-7.9
White River	1,589	1,536	-3.3
Perkins	17,816	16,928	-5.0
Lemmon	14,988	13,838	-7.7
Potter	23,095	22,610	-2.1
Gettysburg	14,608	14,156	-3.1
Hoven	7,002	7,054	0.7
Stanley	9,767	7,916	-19.0
Ft. Pierre	9,764	7,906	-19.0
Sully	7,232	7,035	-2.7
Onida	6,382	6,154	-3.6
Tripp	36,217	33,930	-6.3
Winner	35,090	32,670	-6.9
Todd	8,254	7,005	-15.1
Mission	7,181	6,395	-10.9
Walworth	35,063	34,933	-0.4
Selby	9,017	8,767	-2.8
Mobridge	22,257	22,154	-0.5
Ziebach	2,671	2,496	-6.6
Dupree	2,500	2,339	-6.4
TOTAL	290,828	272,087	-6.4

REGION II			
Clay	35,334	34,907	-1.2
Vermillion	32,123	31,862	-0.8
Lincoln	42,794	41,257	-3.6
Canton	22,382	23,139	3.4
Hudson	1,011	2,086	106.4
Lennox	4,839	4,876	0.8
McCook	29,019	29,246	0.8
Bridgewater	5,831	6,965	19.5
Canistota	2,848	2,272	-20.2
Salem	14,898	14,339	-3.8
Spencer	3,035	2,447	-19.4
Minnehaha	864,514	848,033	-1.9
Brandon	3,609	3,434	-4.8
Colton	7,243	6,536	-9.8
Dell Rapids	13,248	11,629	-12.2
Garretson	6,111	6,694	9.5
Hartford	5,572	5,264	-5.5
Sioux Falls	771,165	766,120	-0.7
Turner	46,834	37,223	-20.5
Centerville	2,921	3,342	14.4
Marion	16,082	9,546	-40.6
Parker	6,592	9,764	48.1
Viborg	9,545	4,387	-54.0
Union	46,880	51,697	10.3
Alcester	6,319	7,601	20.3
Beresford	14,587	13,948	-4.4
Elk Point	6,373	7,541	18.3
N. Sioux City	16,718	19,330	15.6
TOTAL	1,065,374	1,042,363	-2.2

REGION IV			
Beadle	98,267	96,991	-1.3
Huron	89,800	88,564	-1.4
Brown	228,808	223,267	-2.4
Aberdeen	204,735	200,954	-1.8
Groton	9,475	9,262	-2.2
Day	33,119	30,826	-6.9
Bristol	4,200	3,833	-8.7
Waubay	2,078	1,601	-23.0
Webster	21,841	20,454	-6.4
Edmunds	17,564	20,834	18.6
Bowdle	4,449	4,762	7.0
Hosmer	1,247	1,256	.7
Ipswich	8,766	10,494	19.7
Roscoe	3,027	2,869	-5.2
Faulk	9,030	8,916	-1.3
Faulkton	4,167	3,958	-5.0
Hand	17,466	18,393	5.3
Miller	15,624	16,459	5.3
Marshall	19,808	18,686	-5.7
Britton	16,294	12,230	-24.9
McPherson	12,381	11,493	-7.2
Eureka	9,247	8,116	-12.2
Leola	2,693	2,921	8.5
Roberts	32,503	32,282	-0.7
Sisseton	15,414	15,418	0.0
Wilmot	4,962	4,879	-1.7
Spink	24,544	24,871	1.3
Doland	1,657	1,443	-12.9
Redfield	17,240	17,192	-0.3
TOTAL	493,490	486,561	-1.4

REGION VI			
Bennett	10,766	10,763	0.0
Martin	10,493	10,505	0.1
Butte	34,986	33,531	-4.2
Belle Fourche	28,906	27,353	-5.4
Newell	3,650	3,883	6.4
Custer	15,742	14,878	-5.5
Custer	14,050	13,496	-3.9
Fall River	22,428	20,877	-6.9
Edgemont	5,788	5,050	-12.7
Hot Springs	14,056	13,126	-6.6
Harding	3,099	2,814	-9.2
Buffalo	2,664	2,414	-9.4
Jackson	9,055	8,472	-6.4
Kadoka	8,171	7,464	-8.7
Lawrence	138,144	111,868	-19.0
Deadwood	21,318	20,657	-3.1
Lead	82,547	55,618	-32.6
Spearfish	24,190	25,373	4.9
Whitewood	5,037	4,664	-7.4
Meade	39,904	39,218	-1.7
Faith	4,386	4,196	-4.3
Sturgis	28,768	28,654	-0.4
Pennington	472,597	492,301	4.2
Rapid City	440,949	459,472	4.2
Wall	9,953	12,053	21.1
Shannon	3,241	3,483	7.5
Pine Ridge	1,000	1,151	15.0
Washabaugh	167	125	-25.1
TOTAL	750,129	738,329	-1.6
STATE TOTAL	3,524,897	3,464,523	-1.7

LOCAL BUSINESS CONDITIONS

	Jan.-Sept. 1981	Jan.-Sept. 1982	% Change Jan.-Sept. 1982/1981
Aberdeen			
Advertising Lineage Index	190.0	162.1	-14.7
Building Permits	765,000	288,220	-62.3
Value of Postal Receipts	2,144,848	2,298,776	7.2
Value of Postal Money Orders	393,799	369,335	-6.2
Telephones in Service (Sept.)	28,708	26,970	-6.1
Brookings			
Building Permits	1,719,500	949,200	-44.8
Value of Postal Receipts	866,273	1,015,628	17.2
Value of Postal Money Orders	165,449	173,669	5.0
Huron			
Building Permits	379,930	313,156	-17.6
Value of Postal Receipts	845,325	902,573	6.8
Value of Postal Money Orders	207,209	201,193	- 2.9
Telephones in Service (Sept.)	14,502	14,064	- 3.0
Mitchell			
Building Permits	1,276,899	502,651	-60.6
Value of Postal Receipts	793,667	960,158	21.0
Value of Postal Money Orders	187,961	203,026	8.0
Telephones in Service (Sept.)	14,921	14,570	-2.4
Pierre			
Building Permits	2,112,850	400,500	-81.0
Value of Postal Receipts	1,334,595	1,507,473	13.0
Value of Postal Money Orders	210,357	272,038	29.3
Telephones in Service (Sept.)	15,537	15,242	1.9
Rapid City			
Advertising Lineage Index	199.3	199.6	0.2
Building Permits	2,676,125	3,778,319	41.2
Value of Postal Receipts	3,072,515	3,656,574	19.0
Value of Postal Money Orders	812,272	854,747	5.2
Telephones in Service (Sept.)	63,561	61,166	-3.8
Sioux Falls			
Advertising Lineage Index	193.4	162.9	-15.8
Building Permits	6,128,893	4,796,323	-21.7
Value of Postal Receipts	7,967,805	14,414,863	80.9
Value of Postal Money Orders	825,545	816,509	- 1.1
Telephones in Service (Sept.)	86,962	83,557	- 3.9
Watertown			
Building Permits	2,180,069	1,439,307	-34.0
Value of Postal Receipts	2,806,513	1,800,987	-35.8
Value of Postal Money Orders	280,853	313,621	11.7
Telephones in Service (Sept.)	16,970	16,713	- 1.5
Yankton			
Building Permits	1,776,420	439,000	-75.3
Value of Postal Receipts	1,604,143	1,848,246	15.2
Value of Postal Money Orders	257,910	263,911	2.3
Telephones in Service (Sept.)	13,536	13,031	-3.7

CROP PRODUCTION SUMMARY
South Dakota
As of October 1, 1982
(000's Bushels)

	1981	1982	1982 % of 1981
Corn, for Grain	180,600	170,200	94%
All Wheat	88,970	99,480	112%
Durum Wheat	5,750	3,480	61%
Other Spring Wheat	52,800	57,500	109%
Winter Wheat	30,420	38,500	127%
Rye	3,220	4,420	137%
Oats	70,520	118,000	167%
Barley	20,060	22,790	114%
Flaxseed	2,249	3,220	143%
Soybeans	22,330	25,420	114%
Sorghum, for Grain	19,565	18,000	92%
Hay, all Grain[1]	5,786	9,778	169%

[1]Yield and production in tons

Source: South Dakota Crop & Livestock Reporter.

TELEPHONES IN SERVICE
Selected Cities--South Dakota
September 1981 and September 1982

City	Sept. 1981	Sept. 1982	% Change September 1982/1981
Aberdeen	28,708	26,970	-6.1
Belle Fourche	4,910	4,665	-5.0
Canton	3,349	3,308	-1.2
Chamberlain	2,948	3,020	2.4
Deadwood	3,403	3,255	-4.3
DeSmet	1,743	1,740	-0.2
Elk Point	1,791	1,804	0.7
Hot Springs	4,276	4,193	-1.9
Huron	14,502	14,064	-3.0
Lead	3,607	3,438	-4.7
Madison	6,822	6,825	0.0
Milbank	5,111	5,184	1.4
Mitchell	14,921	14,570	-2.4
Mobridge	4,328	4,209	-2.8
Pierre	15,537	15,242	-1.9
Rapid City	63,561	61,166	-3.8
Redfield	4,390	4,371	-0.4
Sioux Falls	86,962	83,557	-3.9
Sturgis	6,432	6,380	-0.8
Tyndall	1,319	1,311	-0.6
Vermillion	9,472	9,183	-3.1
Watertown	16,970	16,713	-1.5
Webster	2,831	2,853	0.8
Wessington Springs	1,761	1,776	0.9
Winner	4,670	4,692	0.5
Yankton	13,536	13,031	-3.7

Source: Northwestern Bell, Sioux Falls, SD.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
United States
Jan.-Sept. 1982

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	% Change Sept./Jan.
All Items	282.5	283.4	283.1	284.3	287.1	290.6	292.2	292.8	293.3	3.8
Food & Beverages	273.6	275.8	275.6	276.5	278.1	280.2	280.8	279.9	280.1	2.4
Food	281.0	283.3	283.0	283.9	285.5	287.8	288.5	287.4	287.6	2.3
Alcoholic Beverages	204.0	205.6	206.6	207.4	208.0	208.4	209.2	210.1	210.1	3.0
Housing	306.1	307.3	306.7	309.4	313.8	317.5	319.2	320.1	319.7	4.4
Shelter	328.3	329.5	327.6	331.4	336.7	340.9	342.8	344.2	342.6	4.4
Rent, Res.	217.8	218.6	219.6	220.1	221.8	222.6	224.8	226.0	226.9	4.2
Home Own.	367.5	368.7	365.7	370.6	377.4	382.8	384.5	385.9	383.0	4.2
Fuel & Other Util.	336.2	337.1	339.3	339.2	345.4	352.2	354.7	356.3	359.5	6.9
Fuels	426.9	427.6	430.5	428.2	438.0	448.4	452.0	454.0	458.5	7.4
Fuel Oil, Coal-btl.gas	686.0	683.1	664.0	641.3	644.6	656.6	659.9	659.9	662.8	-3.4
Gas (piped) & Elec.	367.4	368.7	375.9	377.8	388.6	398.5	402.1	404.4	409.2	11.4
Other	192.7	193.9	195.0	197.7	198.9	200.4	201.4	202.4	203.6	5.7
Household Furn. & Oper.	228.4	230.2	231.6	232.6	233.4	233.7	234.1	233.4	234.2	2.5
Apparel & Upkeep	187.3	188.0	191.1	191.9	191.5	190.8	189.7	191.8	194.9	4.1
Transportation	289.9	288.0	285.0	282.9	285.6	292.8	296.1	296.2	295.3	1.9
Private transportation	286.6	284.5	281.3	278.8	281.5	288.9	292.3	292.4	291.1	1.6
Public transportation	334.9	336.8	336.7	339.3	342.1	345.6	347.2	348.1	353.3	5.5
Medical Care	313.4	316.2	318.8	321.7	323.8	326.4	330.0	333.3	336.0	7.2
Entertainment	229.2	231.2	232.8	233.9	234.4	235.6	236.6	237.4	238.3	4.0
Other Goods & Serv.	248.4	250.3	252.2	253.8	255.0	255.8	257.2	258.3	266.6	7.3

Source: U.S. Department of Labor, Bureau of Labor Statistics

BUSINESS RESEARCH BUREAU
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THE UNIVERSITY OF SOUTH DAKOTA
VERMILLION, SOUTH DAKOTA 57069

HOURS AND EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
September 1981 and September 1982

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	Sept. 1982	Sept. 1981	Sept. 1982	Sept. 1981	Sept. 1982	Sept. 1981
South Dakota Statewide						
Manufacturing	273.51	303.68	38.2	41.6	7.16	7.30
Durable Goods	266.11	271.74	39.6	42.0	6.72	6.47
Lumber & Furniture	269.61	281.44	43.0	38.5	6.27	7.31
Fabricated Metals and Mach.	247.67	271.78	37.3	42.4	6.64	6.41
Nondurable Goods	281.57	335.78	37.0	41.2	7.61	8.15
Food and Kindred Products	301.08	401.74	35.8	42.2	8.41	9.52
Paper, Printing & Publishing	257.52	241.82	34.8	36.2	7.40	6.68
Sioux Falls SMSA						
Manufacturing	319.92	421.86	36.9	44.5	8.67	9.48
Durable Goods	302.43	287.82	41.6	41.0	7.27	7.02
Nondurable Goods	323.46	445.59	35.9	45.1	9.01	9.88

Source: South Dakota Labor Bulletin, September, 1982.

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TOTAL PERSONAL INCOME
United States, Plains Region and States
Second Quarter 1981 through Second Quarter 1982
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1981			1982		% Change 2nd Qtr. 1982/ 2nd Qtr. 1981
	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	
United States	2,370,938	2,447,592	2,482,596	2,498,639	2,541,536	7.2
Plains States	174,627	180,153	182,213	182,265	185,062	6.0
Iowa	30,013	30,910	31,146	30,517	31,097	3.6
Kansas	25,465	26,109	26,550	26,946	27,144	6.6
Minnesota	43,472	44,984	45,424	45,324	46,033	5.9
Missouri	46,993	48,367	48,989	49,468	50,567	7.6
Nebraska	16,113	16,709	16,796	16,761	16,845	4.5
North Dakota	6,592	6,897	7,069	7,018	7,062	7.1
South Dakota	5,979	6,177	6,240	6,231	6,314	5.6

Note: Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
September 1981 and September 1982
(In Thousands)

	Sept. 1982	Sept. 1981	% Change
Total Nonagricultural	233.1	239.7	-2.8
Manufacturing	24.9	25.9	-3.9
Durable Goods	12.2	13.1	-6.9
Lumber & Furniture	1.1	1.3	-15.4
Fabricated Metals & Machinery	7.5	8.4	-10.7
Other Durable Goods	3.6	3.4	5.9
Nondurable Goods	12.7	12.8	-0.8
Food & Kindred Products	7.8	7.7	1.3
Paper, Printing & Publishing	2.4	2.5	-4.0
Other Nondurable Goods	2.5	2.6	-3.8
Nonmanufacturing	208.2	213.8	-2.6
Mining	1.5	3.0	-50.0
Construction	9.4	11.6	-19.0
Transportation & Public Utilities	12.8	12.8	0.0
Railroads	0.8	1.0	-20.0
Other Transportation	6.0	6.0	0.0
Communications & Public Utilities	6.0	5.8	3.4
Trade	63.6	65.6	-3.0
Wholesale Trade	16.9	16.9	0.0
Durable Goods	7.6	7.8	-2.6
Nondurable Goods	9.3	9.1	2.2
Retail Trade	46.7	48.7	-4.1
Finance, Insurance & Real Estate	11.7	11.4	2.6
Services	52.5	52.7	-0.4
Hotels, Amuse., Pers. & Business	14.6	14.3	2.1
Medical and Health	21.0	21.2	-0.9
Educational, Membership & Social	14.2	14.4	-1.4
Other	2.7	2.8	-3.6
Government	56.7	56.7	0.0
Federal	10.7	10.6	0.9
State	15.3	15.4	-0.6
State Education	7.3	7.4	-1.4
Other State	8.0	8.0	0.0
Local	30.7	30.7	0.0
Local Education	17.0	17.1	-0.6
Other Local	13.7	13.6	0.7

Source: South Dakota Department of Labor.

TAXABLE RETAIL SALES
In Selected Cities
of South Dakota
(000's of Dollars)

	2nd Qtr. 1981	2nd Qtr. 1982	% Change 1982 from 1981	1st Half 1981	1st Half 1982	% Change 1982 from 1981
Aberdeen	51,161	50,406	-1.5	93,930	91,865	-2.2
Belle Fourche	7,141	7,157	.2	13,161	13,227	.5
Brookings	20,237	22,267	10.0	39,841	41,376	3.9
Chamberlain	4,705	4,696	-0.2	8,495	8,440	-0.7
Dell Rapids	2,193	2,268	3.4	4,099	4,074	-0.6
Huron	21,402	21,533	0.6	40,858	39,944	-2.2
Lead	7,565	5,231	-30.9	13,247	11,545	-12.9
Madison	9,417	9,466	0.5	16,856	16,953	0.6
Milbank	7,445	7,689	3.3	14,119	14,800	4.8
Mitchell	27,347	27,265	-0.3	50,618	49,536	-2.1
Mobridge	6,167	6,718	8.9	11,695	12,352	5.6
Pierre	20,380	19,859	-2.6	38,741	37,306	-3.7
Rapid City	102,742	105,196	2.4	184,980	189,319	2.3
Sioux Falls	164,784	167,991	2.2	307,235	311,409	1.4
Vermillion	8,455	8,291	-1.9	16,603	16,455	-0.9
Watertown	32,680	33,522	2.6	60,214	62,936	4.5
Winner	7,427	7,542	1.5	14,209	14,173	-0.3
Yankton	22,669	25,019	10.4	41,946	45,067	7.4
Totals	523,514	532,116	1.6	970,847	980,777	1.0

PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD--SOUTH DAKOTA

Commodity and Unit		Base Period Price 1910-1914 Average	Price Sept. 1982	Price Sept. 1981	1982 Price as % of Base	% Change Sept. 1982/ Sept. 1981
Wheat	Bu.	.85	3.38	3.57	398	-5.3
Corn	Bu.	.51	2.06	2.42	404	-14.9
Oats	Bu.	.35	1.20	1.67	343	-28.1
Barley	Bu.	.59	1.53	2.51	259	-39.0
Flaxseed	Bu.	1.68	5.49	6.76	327	-18.8
Milk, whsl.	Cwt.	1.82	NA	12.80	NA	NA
Eggs	Doz.	.196	NA	NA	NA	NA
Cattle	Cwt.	5.24	60.80	61.00	1160	- 0.3
Calves	Cwt.	6.08	68.50	67.90	1127	0.9
Hogs	Cwt.	7.07	62.20	48.00	880	29.6
Sheep	Cwt.	4.24	10.40	22.20	245	-53.2
Lambs	Cwt.	5.66	53.30	49.50	942	7.7
Wool	Lb.	.178	.70	.88	393	-20.5

Source: South Dakota Crop and Livestock Reporter

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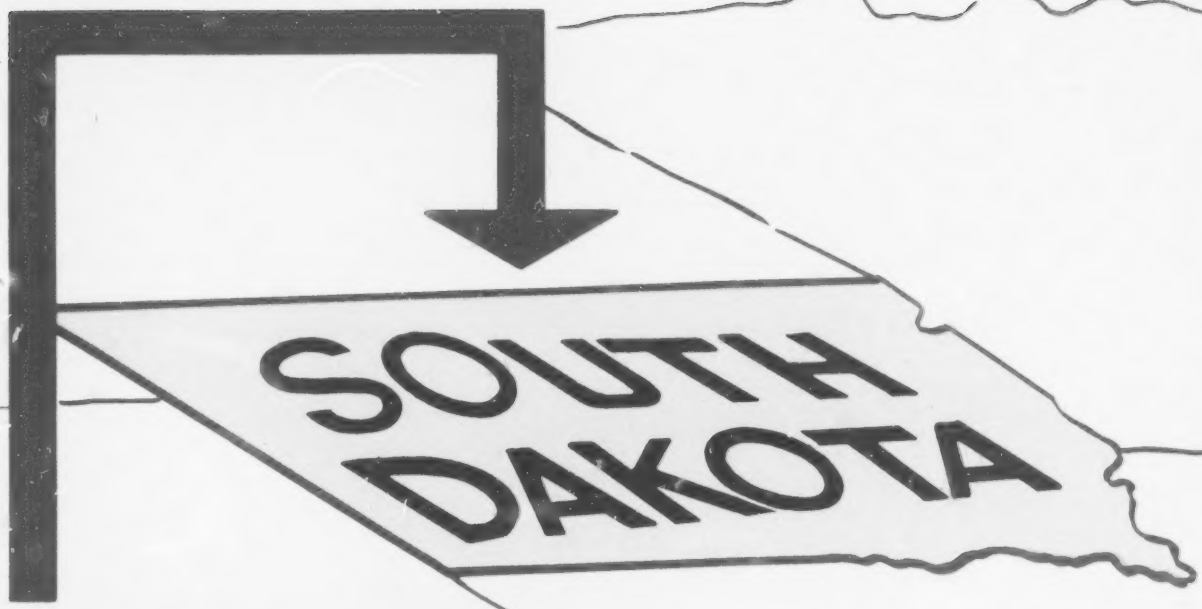

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PERSPECTIVE 1982-OUTLOOK 1983

Jerry W. Johnson and Ralph J. Brown

U.S. Economy

A year ago most economists were forecasting with relative confidence that the long awaited turnaround in the U.S. economy would take place in mid-1982, after more than two years of lack-luster performance in virtually all sectors of the economy. That expected improvement did not materialize. The estimated fourth quarter decline in real GNP of 2.5 percent (at annual rates) caps a year in which expectations rose in the second quarter with a 2.1 percent growth rate only to be followed by a .7 percent drop in the third quarter. The quarterly performance translates to a decline of 1.8 percent for the full year, the worst decline in 36 years.

Table 1 summarizes quarter to quarter changes in various components of gross national product and in several other indices. Most fourth quarter data are not yet available. Data on the individual components of gross national product clearly demonstrate the anemic performance of the economy over the past seven quarters. Since the beginning of 1981, industrial production as measured by the Federal Reserve's total industrial production index has declined by almost 9 percent. Percentage utilization of productive capacity has dropped by 10 percentage points. By comparison, industrial output dropped by 53 percent between 1929 and 1933. Not shown on the table is the rise in unemployment to 10.8 percent, although total employment has only dropped by 3.1 percent in the period 1980-82.

Table 1

Real Gross National Product by Component
Percent Change from Preceding Quarter
(Billions of 1972 Dollars)
(Seasonally Adjusted Annual Rates)

	1981-1	1981-2	1981-3	1981-4	1982-1	1982-2	1982-3r	1982-4
Gross National Product [1972 Dollars]	4.9	2.1	.7	-5.1	-5.1	2.1	.7	
Personal Consumption Expenditures	3.4	-.7	.5	-3.1	2.4	2.5	0.5[1]	
Durable Goods	2.7	-2.7	-3.7	-21.3	10.5	2.3	-5.4[1]	
Nondurable Goods	.7	-1.1	1.4	-3.1	-1.0	1.6	1.5[1]	
Services	1.9	1.1	1.7	.7	3.0	2.8	1.6[1]	
Fixed Investment	-6.1	-1.2	-5.9	-5.1	-6.0	-7.6	-7.3[1]	
Nonresidential	-3.9	-3.4	-4.7	-5.7	-5.0	-11.8	-7.2[1]	
Residential	-11.8	+15.1	+10.1	-10.2	-9.7	12.9	-5.9[1]	
Exports	11.3	3.4	-4.7	-2.1	-17.8	7.3	-16.7[1]	
Imports	5.6	18.0	11.6	5.9	-17.6	14.7	4.5[1]	
Government Purchases of Goods & Svcs.	-3.2	-4.0	3.6	7.0	-2.9	-5.3	8.5[1]	
Federal	12.4	-5.3	10.6	20.6	-5.4	-11.6	23.2[1]	
State & Local	1.4	-4.6	+2.7	+0.3	+0.9	0.2	-0.2[1]	
Other Indices								
Implicit GNP Deflator	10.9	6.8	9.0	8.8	4.1	4.6	5.0[1]	
Consumer Price Index (1972 = 100)	11.7	9.6	12.0	5.9	3.1	6.2	7.9	1.1[2]
Producer Price Index (1972 = 100)	12.6	9.4	11.7	+0.4	3.4	0.4	2.0	0.4[2]
Industrial Production Index Total (1967 = 100)	151.6	150.5	153.6	146.1	141.6	139.4	138.2	135.6[2]
Capacity Utilization (Percent)	76.9	76.8	79.1	74.8	71.6	70.1	69.2	
Disposable Personal Income [1972 Dollars]	3.7	3.6	4.8	1.7	-1.9	3.1	1.1[1]	

[1]Revised. [2]Preliminary.

Source: Business Conditions Digest.

Forecast for 1983

Most economists now expect a turnaround early in 1983, but expect the economy to recover much more slowly than during previous recoveries. This is reflected in Table 2 in the forecasts of four of the most widely followed forecasters.

Table 2

Forecasts of Major Forecasting Services

	Percent Change IV Quarter '82 - '83 Real GNP	Prices	Average Unemployment
Chase Econometrics	3.5	5.8	10.1
Data Resources	3.6	5.2	10.1
Wharton Econometrics	4.4	5.8	10.3
Merrill Lynch Economics	4.2	5.9	10.2

Source: Business Week, December 27, 1982.

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A number of indicators are cited in support of the expectations reflected in these forecasts. The composite index of leading indicators has increased in eight of the past nine months. On average, this indicator has turned up about three months before the end of a recession. The ratio of the coincident indicator index to the lagging indicator index, which usually leads the economy by even more than does the leading indicator, has risen for the past five months. Housing starts and auto sales, which usually lead a recovery, have turned upward. Finally inventory liquidations in the last quarter were $12 billion, the largest of the postwar period. This follows a $15 billion drop in the first quarter and very modest increases during the second and third quarters.

Consumer Sector

Many economists expect a consumer-led recovery despite the substantial risks of this expectation failing to materialize. Lower inflation expectations reduce pressure on consumers to "buy now before prices go up". Although interest rates have fallen sharply in the past six months, real rates remain relatively high given the rapid decline in inflation, creating incentives to save instead of spend. The latter effect may be stronger than usual as new regulations create competition forcing banks and other financial institutions to pay higher interest to savers and charge higher interest to borrowers in order to recoup the higher interest costs. Finally, there is likely to be continued consumer caution in the face of economic uncertainty, high unemployment, and slow growth in personal income as workers accept lower wage and salary settlements.

Those arguing that the consumer sector will lead the turnaround cite several other factors. The first such factor is the estimated rise in real consumer net worth of 7.0 percent between the second and fourth quarters of 1982. Compared to the past six recoveries, this increase exceeds that of all except the 1970-71 period. In the past 30 years a two-consecutive-quarter rise during a recession has always resulted in a swing upward in consumer spending. A second factor is the three-year decline in the ratio of consumer installment debt to personal income, indicating an increased ability to buy on credit. A third factor is the decline in effective tax rates resulting from the three-stage tax cuts of 1981-82. Finally, the index of consumer sentiment has risen over the past few months and is well above the levels that existed at the end of the recessions of 1974-1975 and 1980.

In summary the signals are clearly stronger than a year ago but continue mixed.

Business Sector

In 1980 and 1981, capital spending decreased by 9.3 and 8.7 percent, respectively. The Commerce Department Survey taken in October and November shows an expected 0.5 percent decline in capital spending in 1982. The McGraw-Hill September-October survey shows an expected decline of 2.1 percent. These declines in capital spending reflect high interest rates prior to third quarter 1982 and the postwar low in capacity utilization. With such low capacity utilization, expanded investments in plant and equipment should not be expected unless confidence and expectations rise dramatically.

As already reported business inventories fell during most of 1982. It is estimated that the full year decline between 1981 and 1982 was $28.4 billion (1972 dollars). An end to inventory liquidation could itself add almost one percent to real GNP, but is not likely unless consumer spending turns around.

The business sector is not seen as being a major source of spending in 1983. Although a build-up in inventories could occur, a changing environment for the financing of inventories, increased bankruptcies, and a hesistancy to build inventories will restrict expansion in this sector.

Government Sector

The reported magnitude of the FY84 budget to be submitted by the Reagan Administration is $848.5 billion, $48.5 billion greater than the FY83 budget, with much of the increase going to defense. One great concern is the Federal budget deficit, now projected to exceed $185 billion, more than 5.5 percent of GNP, in the current fiscal year. A deficit of this size could absorb private sector saving, driving up real interest rates and crowding out private investment and consumer borrowing and encouraging higher rates of saving. Both the lower investment and the lower consumption spending will probably mean less stimulus and thus slower growth.

If January turns out to be "the month when Washington panicked over the deficit" (as one television commentator has predicted), then Congress and the Administration are likely to cancel planned tax cuts, raise other taxes, cut spending, or cut transfers even further. If interest rates fall as a result, it is possible that private sector investment will increase, adding to demand and stimulating the economy. On the other hand, it seems unlikely that lower interest rates will produce great increases in capital investment at a time of very low utilization. What is more, lower government spending on goods and services means less demand for those products and higher taxes and lower transfers mean less demand for consumer goods, both of which would tend to offset the stimulative effect of any higher investment that might occur. Thus, while attempts to "get the deficit back into line"might have salutory long range effects, they are unlikely to produce a strong recovery during the next 18 months.

(Continued on Page 6)

TREND OF BUSINESS

A review of the indicators of business activity in South Dakota shows some improvement in the fourth quarter of 1982 compared to the previous quarter, notably in sales of new cars and trucks. Lowered interest rates have given some impetus to this turnaround.

The income sector remained relatively unchanged with only slight gains in personal income in the third quarter of 1982 compared to the second quarter of 1982. South Dakota's personal income declined in the third quarter of 1982 by 1.5 percent compared to this same quarter a year ago. For this same period farm proprietor's income was down 28.5 percent.

Taxable retail sales which reflect activity in South Dakota's retail sector registered a decline of 1.2 percent in the third quarter of 1982 compared to the previous quarter on a seasonally adjusted basis. Compared to the third quarter of 1981 sales were down almost 5 percent.

Employment in the construction field continued to drop. Seasonally adjusted figures revealed a 5 percent decline in the fourth quarter of 1982 compared to the third quarter. For the fourth quarters of 1981 and 1982 employment in the construction category dropped almost 17 percent.

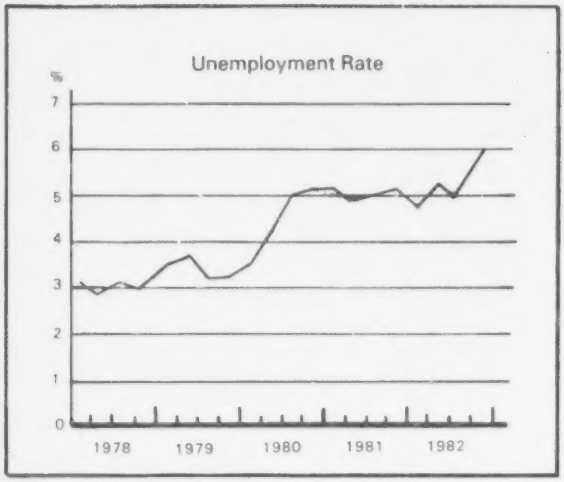
Unemployment rose from a seasonally adjusted figure of 5.1 percent in the third quarter of 1982 to 6.0 percent in the fourth quarter. For the year unemployment averaged 5.5 percent, still well below the national average of 9.7 percent.

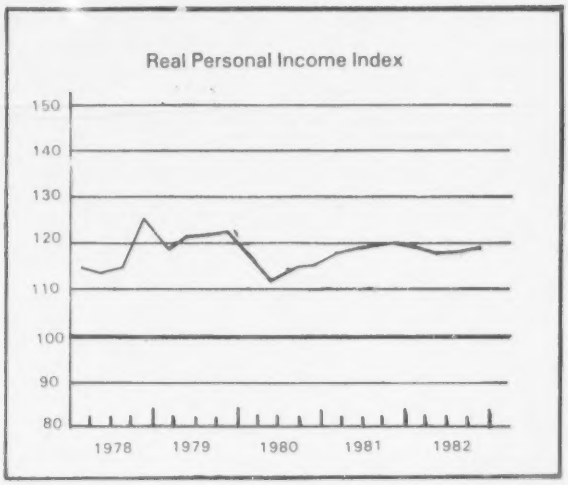
South Dakota Business Indices
1981-1982, Quarterly
Seasonally Adjusted
(1972 = 100)

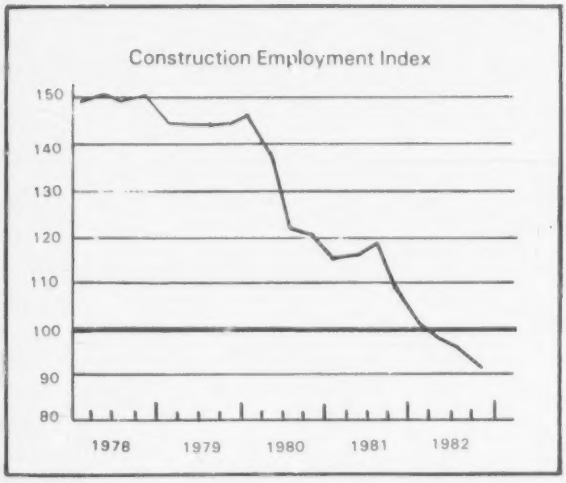
	1981				1982			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Pers. Inc.	118.0	119.0	120.5	119.7	118.1	118.6	118.7	NA
Farm Prop. Inc.	36.2	37.4	44.2	39.6	29.7	30.9	31.6	NA
Tax. Retail Sales	120.9	121.2	123.5	119.9	117.3	118.8	117.4	NA
Unemp. Rate (%)	5.2	5.0	5.1	5.3	4.9	5.2	5.1	6.0
Const. Employ.	116.4	117.5	118.8	109.3	101.3	98.2	96.6	91.0
New Cars	68.9	84.1	75.7	66.6	66.7	59.5	59.8	69.8
New Trucks	51.0	48.0	43.1	51.9	57.5	58.9	53.9	66.1

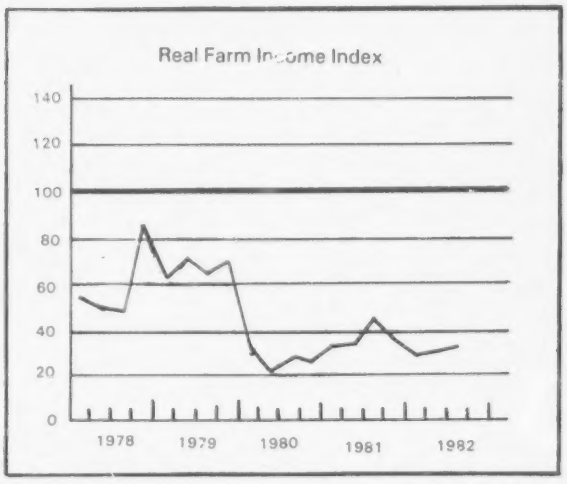
SOUTH DAKOTA BUSINESS & ECONOMIC INDICES

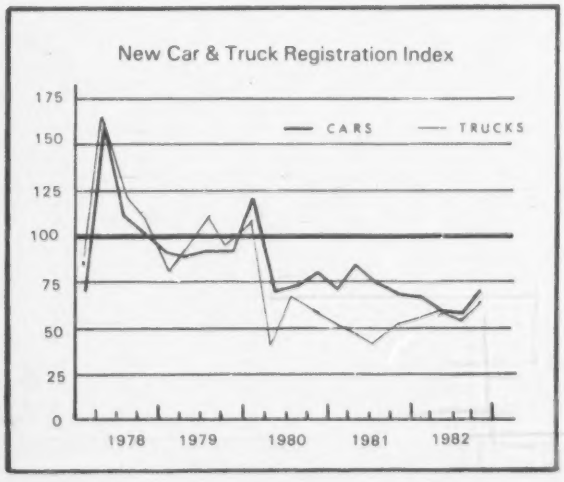
Quarterly Data 1978-1982
Adjusted for Seasonal Variation

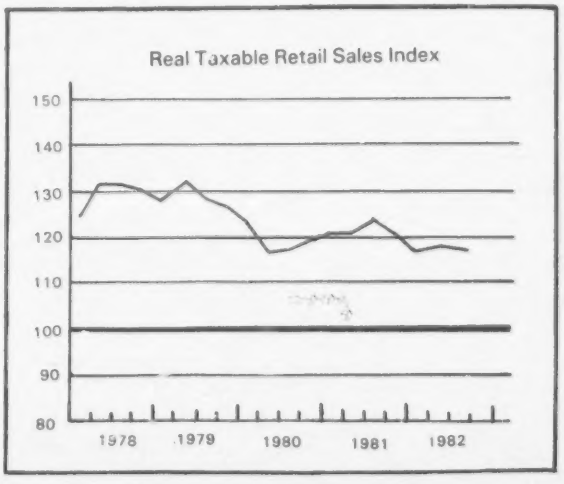












Government Sector (Continued from Page 3)

One possibility for growth stronger than expected is if Congress and the Administration should happen upon just the right tax or spending changes to raise investors' and consumers' confidence dramatically. Such change must be made early this year if it is to make a significant difference during the next year.

Federal Reserve As Facilitator

If the Federal Reserve continues its relatively restrictive "monetarist" policy, it is unlikely that interest rates will drop dramatically or that the economy will recover rapidly. If the Fed abandons its policies of the recent past because it fears further damage to the economy or because of political pressures, interest rates may fall, at least for a time. Such a move might restore confidence and raise expectations, providing the stimulus necessary for more rapid growth. Again, however, lower interest rates are not likely to stimulate investment during a period of low capacity utilization unless confidence and expectations are raised dramatically. What is more, rapid money supply growth might have the opposite effect of rekindling inflationary expectations, forcing interest rates back up and eroding confidence.

South Dakota Economy

Introduction

The continuation of the national recession and another poor year for the farm economy contributed to the decline of the South Dakota economy in 1982. Even the forces of lower inflation and a drop in interest rates in late summer were not sufficient to offset the negative forces at work. The sectors experiencing a decline this past year were Agriculture, Durable Manufacturing, Construction, Transportation and Public Utilities, and Wholesale and Retail Trade. The only bright spots were the level of economic activity in the Finance, Insurance, and Real Estate and the Service sectors.

Looking to 1983 it is expected that the South Dakota economy will begin a slow steady recovery. The apparent signs of recovery in the U.S. economy coupled with low inflation and lower interest rates will be the major factors pulling the South Dakota economy out of recession. The farm outlook has not improved much but some assistance should come from the PIK (Payment-in-Kind) program. A more detailed discussion of the South Dakota forecast is provided later in this report.

Personal Income

Real (inflation-adjusted) personal income in South Dakota declined 0.7 percent in 1982 as compared to a growth rate of 4.5 percent in 1981. Farm personal income declined 14.5 percent in real terms, while nonfarm personal income increased at an anemic 0.2 percent in 1982. The nonfarm personal income increase was due to large increases in dividend, interest, and rent (property) income, and transfer payments with real growth rates of 6.8 and 4.1 percent, respectively. However, other sources of nonfarm personal income declined in real terms. Real wage and salary income fell 2.2 percent and nonfarm proprietors' income dropped 12.7 percent in real terms. A summary of personal income data is presented in Table 3.

Table 3
Selected Economic Indicators

DESCRIPTION	FORECAST DATA 1982 4	1983 1	1983 2	1983 3	1983 4	ANNUAL DATA 1981	1982	1983
SOUTH DAKOTA INDICATORS								
PERSONAL INCOME (MILLIONS)	6486.0	6632.5	6813.7	6976.6	7116.9	6056.0	6366.5	6884.9
(% CHANGE)	3.2	9.4	11.6	9.5	8.0	13.5	5.1	8.1
PERSONAL INCOME (1972 $S)	3087.1	3118.3	3164.7	3200.3	3229.1	3111.6	3091.3	3178.6
(% CHANGE)	-1.3	4.0	5.9	4.5	3.6	4.5	-0.7	2.8
NONFARM PERS. INC. (MILLIONS)	6137.5	6267.7	6432.1	6575.9	6694.6	5676.0	6024.4	6492.6
(% CHANGE)	3.4	8.5	10.5	8.8	7.2	14.3	6.1	7.8
NONFARM PERS. INC. (1972 $S)	2921.2	2946.7	2987.5	3016.5	3037.5	2913.3	2925.2	2997.5
(% CHANGE)	-3.6	1.5	5.6	3.9	2.8	5.3	0.2	2.5
WAGE & SALARIES (MILLIONS)	3102.3	3222.4	3351.5	3436.7	3518.8	2963.5	3068.3	3332.3
(% CHANGE)	6.1	15.2	15.7	10.0	9.4	7.4	3.5	10.2
WAGE & SALARIES (1972 $S)	1476.6	1515.0	1556.7	1576.5	1596.5	1523.7	1489.8	1561.6
(% CHANGE)	1.2	10.3	10.9	5.0	5.1	-1.0	-2.2	4.8
FARM INCOME (MILLIONS)	362.8	378.7	395.1	414.4	436.0	382.7	355.6	406.1
(% CHANGE)	30.7	15.9	15.7	16.9	19.3	2.8	-9.5	14.2
FARM INCOME (1972 $S)	172.5	178.1	183.1	190.1	197.9	201.9	172.7	187.5
(% CHANGE)	25.7	11.0	13.1	11.9	13.9	-5.3	-14.5	8.6
TOTAL EMPLOYMENT (THOUSANDS)	307.0	297.4	323.5	330.4	329.2	316.0	304.7	317.7
(% CHANGE YEAR-OVER YEAR)	-1.3	-3.3	-2.2	3.9	3.5	-0.3	-2.0	2.6
NONAG. EMPLOYMENT (THOUSANDS)	230.3	227.3	235.9	243.1	243.7	236.5	230.2	238.5
(% CHANGE YEAR-OVER-YEAR)	-2.9	-1.9	-2.7	4.9	5.6	-0.6	-2.7	3.6
MANUFACTURING EMPLOYMENT	24.7	23.0	24.4	24.3	25.3	25.6	24.0	24.8
(% CHANGE YEAR-OVER-YEAR)	-7.7	-5.4	-3.8	-1.1	5.4	-0.7	-5.9	3.1
RETAIL SALES-GROSS $ USE	2447.6	2395.5	2561.4	2936.0	3259.4	2351.1	2268.1	2974.9
(% CHANGE YEAR-OVER-YEAR)	10.3	13.5	17.7	21.3	17.2	7.7	5.5	16.5
UNEMPLOYMENT RATE (%)	5.7	6.6	5.0	4.6	4.7	5.1	5.5	5.2

Source: Business Research Bureau, University of South Dakota

One interesting development is the change in the components of personal income that has been occurring in recent years. The components of total personal income as a percent of total personal income since 1958 are shown in Figure 1. The most striking feature of the figure is that following the drop in farm income subsequent to the 1976 drought the series has failed to return to its historical levels. At the same time a gradual decline in non-farm proprietor's income has also taken place. Offsetting the decline in the proprietorship components has been a rise in the wage and salary component and dividends, interest and rent received.

Figure 2 reflects the expanding portion of total personal income attributable to dividends, interest and rents plus transfer payments. As shown in the figures this began in 1974 with an additional shift in late 1979 and 1980. The shift in 1974 occurred in

the period following the relaxation of the wage and price controls of 1973 which resulted in rising prices and interest rates. The data confirms the rise in the interest payments during this period. Beginning late 1979 the shift in Federal Reserve policy again resulted in rising interest rates resulting in expanded interest payments and thus an increased portion of total personal income going to the interest component.

Wages, salaries, and proprietorship income is generated as a result of the production of real goods within the South Dakota economy. This is not the case with dividends and interest income. In the latter case the income results from ownership of financial assets which may or may not reflect goods producing activity. Generally, it does not. For this reason by subtracting these components from total personal income a more meaningful measure of physical productive activity is obtained. As can be seen in Figure 2 if this measure is used, 1982 second quarter productivity is at about the same level as it was in 1972-73. In the interim period, only in 1976--the drought year-was total personal income adjusted for the income produced from financial assets, lower than in the second quarter of 1982.

Employment and Unemployment

The deterioration of the South Dakota employment can be evidenced by examining employment trends. As other indicators tend to indicate, the South Dakota economy peaked in 1979 with total employment of 324 thousand persons and total nonagricultural employment of 241.3 thousand persons (Table 4). The economy weakened in 1980, 1981, and 1982; the years of major weakness being 1980 and 1982. Industrial categories, including Manufacturing, Transportation and Public Utilities, and Trade peaked in 1979 and have declined each year since. Construction employment had its best year in 1978 and declined each year thereafter showing the sharpest percentage drop of all industries. Government employment peaked in 1980 and has declined each year since. The only industrial categories exhibiting any growth were Finance, Insurance, and Real Estate and Services. Expansion of some bank-related employment in South Dakota undoubtedly helped to explain the growth in Finance, Insurance, and Real Estate employment. The growth in Services was primarily explained by growth in the hotels, amusement, and personal business category as well as the health, medical, and legal services category.

The unemployment situation worsened in both the U.S. and South Dakota economy in 1982. The 1982 South Dakota unemployment averaged 5.5 percent as compared to a 9.7 percent at the national level.

Table 4
South Dakota
Employment and Unemployment Rate
(Thousands)

Industry	1978	1979	1980	1981	1982	Percent Change 1979-1980	1980-1981	1981-1982	Peak to Trough
Total Nonagricultural	236.5	241.3	238.0	236.5	230.2	-1.4	-0.6	-2.7	-4.6
Manufacturing	24.9	27.5	26.1	25.9	25.0	-5.1	-0.8	-3.5	-9.1
Durable Goods	12.0	14.1	13.3	13.2	12.3	-5.7	-0.8	-6.8	-12.8
Nondurable Goods	12.9	13.4	12.7	12.7	12.8	-5.2	0.0	0.8	-4.5
Nonmanufacturing	211.5	213.9	211.9	210.2	205.1	-0.9	-0.8	-2.4	-4.1
Mining	2.8	2.9	2.8	2.9	2.3	-3.4	3.6	-20.7	-20.7
Construction	13.6	12.9	10.7	9.7	7.8	-17.1	-9.3	-19.6	-42.6
Trans. & Pub.Util.	13.4	13.7	13.3	12.8	12.5	-2.9	-3.8	-2.3	-8.8
Trade	65.2	66.7	65.1	63.9	61.7	-2.4	-1.8	-3.4	-7.5
Wholesale Trade	17.2	17.8	17.5	17.0	16.4	-1.7	-2.9	-3.5	-7.9
Retail Trade	48.0	48.9	47.6	46.9	45.3	-2.7	-1.5	-3.4	-7.4
Fin., Ins. & R.E.	10.6	10.9	11.1	11.4	11.8	1.8	2.7	3.5	8.3
Services	47.9	48.5	50.3	51.6	52.3	3.7	2.6	1.4	7.8
Government	58.1	58.3	58.6	57.8	56.6	0.5	-1.4	-2.1	-2.9
Labor Force	327.0	336.0	334.0	335.0	328.0	-0.6	0.3	-2.1	-2.4
Total Employment	317.9	324.0	317.0	318.0	311.5	-2.2	-0.0	-2.0	-3.4
Unemployment Rate	3.1	3.5	4.9	5.1	5.5				

The South Dakota Forecast

Once again the South Dakota forecast is based on the South Dakota Labor Market Model (SDLM). This model is a quarterly econometric model which provides a detailed forecast of personal income by source and employment by industry. The South Dakota model is driven by a national forecast of key macroeconomic variables provided by Citibank.

The 1983 South Dakota forecast is premised on the following macroeconomic assumptions:

1. Real GNP growth of 3.4 percent
2. Consumer Price Index change of 5.2 percent and Personal Consumption Deflator change of 5.2 percent
3. The national unemployment rate will average 9.6 percent
4. The Treasury Bill rate will average 8.2 percent

Last year personal income was forecasted to rise by 2.9 percent. This forecast was premised on the assumption that the recession would end in mid-1982. As it turned out the recession probably didn't end until late in the year. Consequently, the expected growth never occurred and real personal income actually declined 0.7 percent.

The 1983 forecast is for personal income to increase by 8.1 percent in nominal terms and 2.8 percent in real terms. Wage and salary income is projected to increase 10.2 percent in nominal terms and 4.8 percent in real terms. Proprietors' income is expected to increase 5.0 percent in real terms with

some slight improvement in the farm income situation and non-farm proprietors' income just keeping pace with inflation. A detailed forecast of personal income by source is presented in Table 5.

Table 5
Personal Income by Source
South Dakota

DESCRIPTION	FORECAST DATA 1982.4	1983.1	1983.2	1983.3	1983.4	ANNUAL DATA 1981	1982	1983
PERSONAL INCOME (MILLIONS)	6486.0	6632.5	6813.7	6976.6	7116.9	6056.0	6366.5	6884.9
PERSONAL INCOME (1972 $'S)	3087.1	3118.3	3164.7	3200.3	3229.1	3113.6	3091.3	3178.6
NONFARM PERSONAL INCOME	6074.7	6204.5	6369.0	6512.7	6631.4	5612.7	5960.9	6429.4
FARM PERSONAL INCOME	411.4	428.1	444.7	463.8	485.6	443.2	405.6	455.5
WAGE & SALARY DISBURSEMENTS	3102.3	3222.4	3351.5	3436.7	3518.8	2963.5	3068.3	3382.3
NON-AG. WAGES & SALARIES	3025.5	3145.3	3274.6	3359.8	3441.9	2887.5	2991.4	3305.4
MANUFACTURING	399.5	419.6	431.8	435.9	447.3	388.7	405.1	433.7
DURABLE GOODS	178.8	186.3	189.5	194.3	203.0	182.7	186.7	193.3
NON-DURABLE GOODS	220.7	233.3	242.2	241.6	244.3	206.2	218.7	240.4
MINING	65.7	63.8	73.1	74.2	74.8	63.5	49.9	71.5
CONTRACT CONSTRUCTION	129.6	145.8	161.3	170.5	188.0	155.7	132.6	166.4
REGULATED INDUSTRIES	250.4	248.2	273.1	273.5	276.0	234.0	249.8	267.7
WHOLESALE & RETAIL TRADE	619.1	641.2	672.8	693.6	707.7	614.0	618.5	678.8
SERVICES	565.3	590.1	608.8	635.0	654.3	500.0	555.3	622.0
FIN. INS. & REAL ESTATE	179.8	185.2	191.6	197.0	201.8	159.7	173.5	193.9
GOVERNMENT	816.2	861.5	862.2	880.1	891.9	746.7	814.6	871.4
AGRIC. WAGE & SALARY-FARM	62.0	63.2	63.2	63.2	63.2	63.3	63.5	63.2
AGRIC. WAGE & SALARY-AG SER	13.9	13.9	13.8	13.7	13.7	12.8	13.5	13.8
OTHER LABOR INCOME	276.4	286.6	298.5	306.7	314.6	249.5	272.6	301.6
PROPRIETORS NET INCOME	712.1	733.7	756.3	782.3	806.5	722.7	695.6	769.9
NON-FARM	363.5	368.9	374.8	381.6	384.5	386.2	360.1	377.4
FARM	348.6	364.9	381.5	400.7	422.0	380.3	342.1	392.3
RESIDENCE ADJUSTMENT	7.5	7.7	7.8	7.9	8.0	8.3	8.1	7.8
PROPERTY INCOME	1647.1	1655.6	1674.1	1692.5	1710.9	1439.2	1622.3	1683.2
TRANSFER PAYMENTS	1021.7	1021.5	1027.7	1056.7	1067.2	884.5	972.7	1043.3
LESS: PERSONAL CONTRIBUTIONS FOR SOCIAL INSURANCE	280.0	294.8	302.2	306.1	309.3	262.2	276.8	303.1

SOURCE: BUSINESS RESEARCH BUREAU, UNIVERSITY OF SOUTH DAKOTA

Total employment and nonagricultural employment are expected to grow by 2.6 and 3.6 percent, respectively. Manufacturing employment is expected to remain at current levels while construction employment is projected to increase 20.5 percent. Other sectors slated for growth are Trade, Services, Finance, Insurance, and Real Estate, and Government employment. The unemployment rate is expected to improve only slightly with a drop from 5.5 percent in 1982 to 5.2 percent in 1983. A detailed presentation of forecasts for employment, hours worked, and unemployment is presented in Table 6.

Overall, the expectation is that 1983 will be a better year in terms of the South Dakota economy than 1982.

Table 6
Employment and Unemployment
South Dakota

DESCRIPTION	FORECAST DATA 1982.4	1983.1	1983.2	1983.3	1983.4	ANNUAL DATA 1981	1982	1983
EMPLOYMENT (THOUSANDS)								
TOTAL EMPLOYMENT	311.0	298.2	323.3	331.0	323.2	319.0	310.0	318.9
WAGE & SALARY EMPLOYMENT	230.1	227.2	239.9	243.2	243.8	236.5	230.1	238.5
MANUFACTURING	24.3	23.9	24.4	24.9	25.8	25.9	25.0	24.8
DURABLE GOODS	11.6	11.4	11.7	12.0	12.4	13.2	12.2	11.9
LUMBER & WOOD PRODUCTS	1.2	1.3	1.4	1.5	1.5	1.3	1.1	1.4
FAB. MET. & MACHINERY	7.0	6.9	6.9	6.9	7.0	8.7	7.8	6.9
OTHER DURABLE GOODS	3.3	3.2	3.4	3.6	3.8	3.3	3.3	3.5
NONDURABLE GOODS	12.8	12.5	12.8	13.0	13.4	12.7	12.8	12.9
FOOD & KINDRED PRODUCTS	7.8	7.6	7.8	8.0	8.3	7.6	8.0	7.9
PRINTING & PUBLISHING	2.5	2.6	2.6	2.6	2.6	2.5	2.5	2.6
OTHER NON-DURABLES	2.4	2.3	2.4	2.4	2.5	2.6	2.3	2.4
MINING	2.8	2.7	3.0	3.0	3.0	2.9	2.3	2.9
CONTRACT CONSTRUCTION	7.7	6.4	9.4	11.7	10.7	9.7	7.8	9.4
REGULATED INDUSTRIES	12.6	12.4	12.4	12.5	12.8	12.8	12.5	12.5
RAILROADS	0.8	0.8	0.8	0.8	0.8	1.0	0.8	0.8
OTHER TRANSPORTATION	6.1	5.9	6.0	6.0	6.3	6.1	6.0	6.0
COMM. & PUBLIC UTIL.	5.7	5.7	5.6	5.7	5.7	5.7	5.6	5.7
WHOLESALE & RETAIL TRADE	61.0	59.8	63.8	65.8	65.1	63.9	61.7	63.6
WHOLESALE TRADE	16.2	16.4	17.1	17.4	17.4	17.0	16.4	17.1
DURABLE GOODS	7.4	7.4	7.9	8.0	8.0	7.8	7.5	7.8
NON-DURABLE GOODS	8.9	9.0	9.3	9.4	9.4	9.2	8.9	9.3
RETAIL TRADE	44.8	43.4	46.6	48.3	47.7	46.9	45.3	46.5
SERVICES	51.6	51.5	54.7	56.7	54.6	51.6	52.2	54.7
FIN. INS. & REAL ESTATE	12.0	12.0	12.3	12.5	12.4	11.4	11.8	12.3
GOVERNMENT	58.0	58.5	59.8	56.6	59.2	57.8	56.6	58.5
LABOR FORCE (THOUSANDS)								
LABOR FORCE	329.2	319.3	340.3	346.0	339.3	335.0	328.0	336.2
UNEMPLOYMENT	18.2	21.1	17.0	15.1	16.1	17.0	18.0	17.3
UNEMPLOYMENT RATE (%)	5.7	6.6	5.0	4.4	4.7	5.1	5.5	5.2

SOURCE: BUSINESS RESEARCH BUREAU, UNIVERSITY OF SOUTH DAKOTA

SOUTH DAKOTA INTERNATIONAL DEVELOPMENTS

by Benno Wymar

South Dakota, as the rest of the nation, has gone through some dramatic changes in regard to the international business sector during the past ten years. To many U.S. observers, the Russian Grain Deal signed by President Richard Nixon in 1972, must look like the "Sputnik" of international trade. But it was the 1973/74 oil crisis, with its huge price increases and long waiting lines at the gasoline pumps, that drove home the point to almost every American, how dependent the U.S. had become on the world market.

South Dakota agricultural exports increased during the seventies by nearly 600 percent (during the sixties they had grown by less than one-third of that amount). In fiscal 1980, for example, soybean exports were seventeen times greater than ten years earlier. Over the same period, wheat, South Dakota's most important export, increased by about 500 percent. Another important agriculture export, sunflower seeds ($81.5 mill. in fiscal 1981), did not even make the statistics ten years ago.

South Dakota industrial exports, which had nearly doubled during the 1960s, increased by almost 2000 percent during the seventies. Indeed, two additional firms, Morgen Manufacturing Company of Yankton, and Scotchman Industries of Philip, received the Presidential "E-Award" for excellency in exporting during the past two years (Electro-Magic of Vermillion and Alkota Manufacturing of Alcester received the E-Award in 1964 and 1971 respectively).

South Dakota has also experienced a dramatic increase in investments from abroad. At the beginning of the seventies only one foreign-owned company was listed by a Federal Reserve publication. In 1980 South Dakota was credited with 53 such establishments. Still, other states are much more active in this field. Nebraska, Iowa and Missouri are among 20 other states maintaining offices abroad for the purpose of attracting additional investments from there.

The role of foreign tourists should not be ignored. However, since with the exception of Canadians, most foreign tourists appear to visit South Dakota as part of a package tour (one German tour operator even provides its own accommodations inside the tour bus), it is almost impossible to obtain reliable statistics.

About the Author:
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Following are some tables summarizing agricultural and industrial developments.

VALUE OF SOUTH DAKOTA'S AGRICULTURAL EXPORTS

Fiscal Year 1981		Fiscal Year 1972	
Commodities	(million dollars)	Commodities	(million dollars)
Wheat & products	208.5	Wheat & flour	41.4
Feed grains & products	167.6	Feed grains	21.9
Soybeans & products	89.8	Soybeans	6.0
Sunflower seeds & oil	81.5	Protein meal	4.3
Animals & meat (excluding poultry)	44.7	Meats & products (excluding poultry)	7.8
Hides & skins	37.2	Hides & skins	9.4
Fats, oils & greases	33.6	Lard & tallow	10.1
Other	45.3	Other	23.5
Total	708.2	Total	124.4

Source: U.S. Department of Agriculture

FOREIGN OWNED FIRMS IN SOUTH DAKOTA - 1980

Number of	
foreign firms	24
establishments	53
employees	978
manufacturing est.	4
non-manufacturing	49
Total payroll	$10.105 mill.

Source: Office of the (S.D.) Governor

VALUE OF SOUTH DAKOTA'S INDUSTRIAL EXPORTS 1980 (million dollars)

Direct exports	169.2
Supporting exports	79.6
Total export related	248.8
Exports as percent of total manufacturers' shipments	9.1

Source:

SOUTH DAKOTA EXPORT RELATED INDUSTRIAL EMPLOYMENT

Direct exports	1,300
Supporting exports	1,100
Total export related	2,400
Export as percent of total mfg. employment	8.5

Source: U.S. Dept. of Commerce

HOW DOES SOUTH DAKOTA COMPARE?

William H. Bergman

How does South Dakota compare with the other 49 States?
What percent of the population live in "cities"?
How many persons are there per square mile?
What patterns of population growth are in evidence?

The answers to these and similar questions are important to those who plan marketing and public service strategies. The following eight charts summarize some findings based on the 1980 Census of Population and Housing. For each chart, the name and scale of the variable is placed on the horizontal axis and the number of states exhibiting the various characteristics is scaled on the vertical axis. For example, in Chart 1, the variable is the "Decade of Highest Numerical Growth Since 1900." On the vertical scale it is read that the decade ending in 1910 was the "Decade of Highest Numerical Growth" for six states including South Dakota. The heavy black arrow identifies South Dakota's position on the charts. Between 1900 and 1910, South Dakota experienced a numerical growth of 182,000 persons. The sale of surplus Indian lands on the Great Sioux Reservation, the "coming of the railroads" west of the Missouri, and the return of favorable weather following nearly a decade of severe drought contributed to this boom in the first decade of the century.

About the Author:
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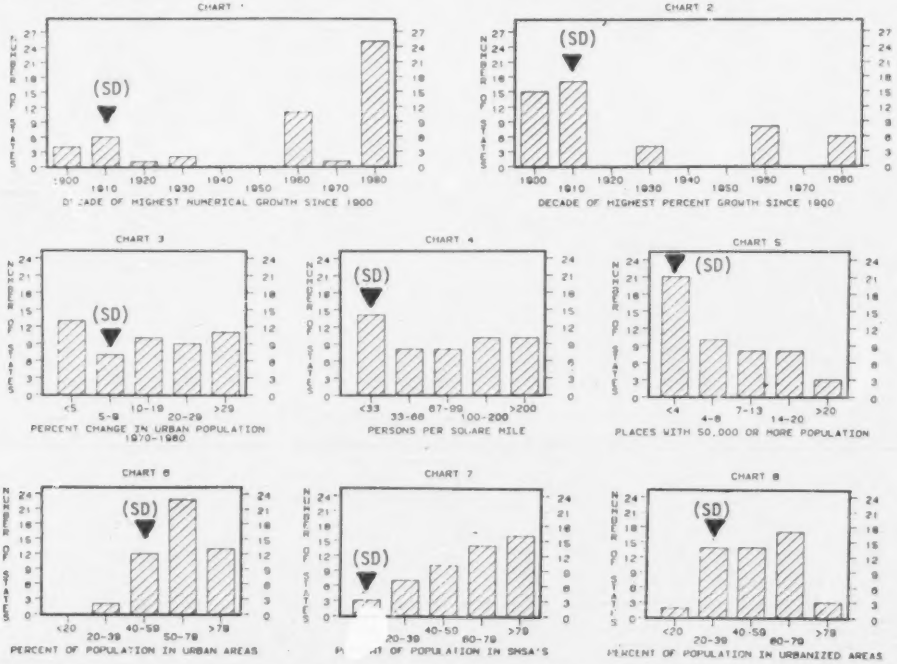

Source: Bureau of the Census

GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Three Quarters 1981 and First Three Quarters 1982
($000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

REGION I	Jan-Sept 1981	Jan-Sept 1982	% Change Jan-Sept 1981/1982
Brookings	142,860	143,720	.6
Brookings	118,628	123,745	4.3
Elkton	5,192	5,335	2.8
Volga	4,483	4,700	4.8
Clark	19,433	19,719	1.5
Clark	11,506	12,582	9.4
Codington	204,105	206,509	1.2
Watertown	194,291	198,626	2.2
Deuel	21,496	21,758	1.2
Clear Lake	12,609	12,352	-2.0
Gary	1,621	1,875	15.6
Grant	56,384	63,907	13.3
Big Stone	1,733	2,164	24.9
Milbank	47,046	54,041	14.9
Hamlin	25,222	24,930	-1.2
Bryant	5,702	4,960	-13.0
Castlewood	3,833	3,437	-10.3
Estelline	5,081	5,040	-.8
Hayti	4,336	4,360	.6
Kingsbury	46,031	45,510	-1.1
Arlington	14,385	14,479	.7
DeSmet	12,010	11,418	-4.9
Lake Preston	6,652	6,154	-7.5
Lake	70,641	69,230	-2.0
Madison	63,117	62,331	-1.2
Miner	21,160	18,052	-14.7
Howard	15,761	12,799	-18.8
Moody	40,796	40,117	-1.7
Colman	15,551	18,680	20.1
Flandreau	17,493	16,606	-5.1
TOTAL	648,129	653,452	.8

REGION II			
Clay	53,989	54,027	.1
Vermillion	49,056	48,446	-1.2
Lincoln	61,836	58,482	-5.4
Canton	31,911	32,084	.5
Hudson	2,043	3,124	52.9
Lennox	7,417	7,263	-2.1
McCook	42,819	43,725	2.1
Bridgewater	8,735	9,122	4.4
Canistota	3,953	3,375	-14.6
Salem	22,529	22,857	1.5
Spencer	4,472	4,167	-6.8
Minnehaha	1,333,466	1,323,796	-.7
Brandon	5,613	5,614	.0
Colton	10,461	9,711	-7.2
Dell Rapids	18,857	17,818	-5.5
Garretson	8,989	9,522	5.9
Hartford	7,908	7,896	-.1
Sioux Falls	1,199,211	1,198,815	.0
Turner	62,539	54,061	-13.6
Centerville	4,477	5,002	11.7
Marion	20,518	14,497	-29.3
Parker	9,971	13,780	38.2
Viborg	12,101	6,930	-42.7
Union	72,185	78,632	8.9
Alcester	9,535	10,963	15.0
Beresford	21,622	20,761	-4.0
Elk Point	10,768	11,651	8.2
N. Sioux City	25,432	30,271	19.0
TOTAL	1,626,834	1,612,723	-.9

REGION III			
Aurora	15,495	15,011	-3.1
Plankinton	6,670	7,121	6.8

REGION III	Jan-Sept 1981	Jan-Sept 1982	% Change Jan-Sept 1981/1982
Bon Homme	39,732	41,588	-4.7
Avon	6,387	7,996	25.2
Scotland	9,202	9,459	2.8
Springfield	6,041	6,449	6.8
Tyndall	13,856	13,493	-2.6
Tabor	4,182	4,120	-1.5
Brule	43,160	45,166	4.6
Chamberlain	31,971	33,705	5.4
Kimball	9,643	9,886	2.5
Charles Mix	55,260	55,906	1.2
Geddes	4,192	4,373	4.3
Lake Andes	6,992	6,841	-2.2
Platte	18,365	19,394	5.6
Wagner	23,842	23,503	-1.4
Davison	197,124	195,753	-.7
Mitchell	184,310	185,287	.5
Douglas	25,845	24,778	-4.1
Armour	7,579	7,757	2.3
Corsica	15,393	14,367	-6.7
Gregory	39,814	38,982	-2.1
Burke	6,959	6,502	-6.6
Gregory	18,971	18,992	.1
Hanson	21,749	21,065	-3.1
Alexandria	14,656	13,289	-9.3
Emery	4,372	4,802	9.8
Hutchinson	62,203	71,468	14.9
Freeman	23,660	30,837	30.3
Menno	6,642	7,452	12.2
Parkston	20,787	21,989	5.8
Tripp	4,680	5,493	17.4
Jerauld	24,121	27,138	12.5
Wess. Sprgs.	16,743	21,869	30.6
Sanborn	11,949	13,461	12.7
Woonsocket	8,836	10,228	15.7
Yankton	205,028	201,077	-1.9
Yankton	193,200	188,436	-2.5
TOTAL	741,481	751,395	1.3

REGION IV			
Beadle	152,333	151,791	0.4
Huron	139,890	138,166	-1.2
Brown	355,067	344,398	-3.0
Aberdeen	319,399	311,960	-2.3
Groton	14,302	13,726	-4.0
Day	50,344	47,335	-6.0
Bristol	5,507	5,110	-7.2
Waubay	3,087	2,647	-14.2
Webster	34,419	32,510	-5.5
Edmunds	27,353	32,156	17.6
Bowdle	6,814	7,245	6.3
Hosmer	1,950	1,930	-1.0
Ipswich	13,585	16,021	17.9
Roscoe	4,893	4,577	-6.5
Faulk	13,897	13,811	-.6
Faulkton	6,519	6,180	-5.2
Hand	27,661	28,082	1.5
Miller	24,526	24,910	1.6
Marshall	30,638	27,491	-10.3
Britton	23,397	17,881	-23.6
McPherson	19,772	17,707	-10.4
Eureka	14,936	12,570	-15.8
Leola	4,093	4,402	7.5
Roberts	49,456	48,580	-1.8
Sisseton	23,445	23,375	-.3
Wilmot	7,930	7,556	-4.7
Spink	38,417	38,878	1.2
Doland	2,330	2,176	-6.6
Redfield	27,178	26,778	-1.5
TOTAL	764,938	750,228	-1.9

REGION V	Jan-Sept 1981	Jan-Sept 1982	% Change Jan-Sept. 1981/1982
Buffalo	2,167	987	-54.5
Campbell	17,508	9,829	-43.9
Herreid	5,750	6,321	9.9
Pollock	10,785	2,619	-75.7
Corson	10,789	10,616	-1.6
McIntosh	2,235	2,201	-1.5
McLaughlin	5,369	5,440	1.3
Dewey	18,467	18,140	-1.8
Eagle Butte	8,886	8,568	-3.6
Isabel	3,243	3,458	6.6
Timber Lake	4,624	4,401	-4.8
Haakon	29,592	26,807	-9.4
Philip	25,876	24,096	-6.9
Hughes	111,954	107,709	-3.8
Pierre	104,792	100,131	-4.4
Blunt	5,077	5,686	12.0
Hyde	15,538	14,867	-4.3
Highmore	15,187	14,554	-4.2
Jones	15,569	16,054	3.1
Murdo	13,695	14,055	2.6
Lyman	17,103	16,992	-.6
Presho	5,178	5,190	.2
Mellette	3,914	3,829	-2.1
White River	2,493	2,390	-4.1
Perkins	27,121	26,439	-3.6
Lemmon	23,009	21,471	-6.7
Potter	36,329	35,306	-2.8
Gettysburg	23,375	22,468	-3.9
Haven	10,621	10,662	.4
Stanley	14,666	13,282	-9.4
Ft. Pierre	14,658	13,263	-9.5
Sully	12,201	11,195	-8.2
Onida	10,678	9,965	-6.7
Tripp	57,168	54,677	-4.4
Winner	55,229	52,489	-5.0
Todd	12,323	11,564	-6.2
Mission	10,926	10,469	-4.2
Walworth	55,144	56,328	2.1
Selby	15,078	14,484	-3.9
Mobridge	34,215	35,625	4.1
Ziebach	4,020	3,925	-2.4
Dupree	3,766	3,703	-1.7
TOTAL	461,872	438,546	-5.1

REGION VI			
Bennett	16,042	16,565	3.3
Martin	15,617	16,190	3.7
Butte	53,811	52,297	-2.8
Belle Fourche	44,074	42,708	-3.1
Newell	5,832	5,933	1.7
Custer	28,588	27,993	-2.1
Custer	25,691	25,441	-1.0
Fall River	34,632	32,705	-5.6
Edgemont	8,500	7,434	-12.5
Hot Springs	22,311	21,388	-4.1
Harding	4,849	4,539	-6.4
Buffalo	4,134	3,926	-5.0
Jackson	15,357	15,318	-.3
Kadoka	13,354	13,157	-1.5
Lawrence	213,559	154,507	-27.7
Deadwood	34,872	34,056	-2.3
Lead	119,732	63,109	-47.3
Spearfish	42,690	41,562	-2.6
Whitewood	8,094	7,111	-12.1
Meade	62,347	63,073	1.2
Faith	6,727	6,720	-.1
Sturgis	45,216	46,170	2.1
Pennington	781,011	814,674	4.3
Rapid City	721,982	753,318	4.3
Wall	19,106	22,424	17.4
Shannon	5,132	5,361	4.5
Pine Ridge	1,574	1,885	19.7
Washabaugh	249	265	6.6
TOTAL	1,215,577	1,187,299	-2.3
STATE TOTAL	5,458,829	5,393,644	-1.2

LOCAL BUSINESS CONDITIONS

	Jan.-Dec. 1981	Jan.-Dec. 1982	% Change Jan.-Dec. 1981/1982
Aberdeen			
Advertising Lineage Index	187.8	159.9	-14.9
Building Permits	979,639	700,274	-28.5
Value of Postal Receipts	2,958,023	3,119,464	+5.5
Value of Postal Money Orders	536,785	494,666	-7.8
Telephones In Service	28,395	26,579	-6.4
Brookings			
Building Permits	2,065,400	1,490,400	-27.8
Value of Postal Receipts	1,245,714	1,395,218	+12.0
Value of Postal Money Orders	232,424	249,007	+7.1
Huron			
Building Permits	397,930	342,967	-13.8
Value of Postal Receipts	1,178,898	1,262,275	+7.1
Value of Postal Money Orders	267,005	268,403	+0.5
Telephones in Service	14,423	13,912	-3.5
Mitchell			
Building Permits	1,530,987	572,737	-62.6
Value of Postal Receipts	1,113,178	1,302,732	+17.0
Value of Postal Money Orders	253,074	280,052	+10.7
Telephones in Service	14,855	14,358	-3.3
Pierre			
Building Permits	2,137,850	767,500	-64.1
Value of Postal Receipts	1,931,660	2,051,870	+6.2
Value of Postal Money Orders	279,275	379,137	+35.8
Telephones in Service	15,518	15,162	-2.3
Rapid City			
Advertising Lineage Index	201.8	200.9	-0.4
Building Permits	2,740,627	4,464,562	+62.9
Value of Postal Receipts	4,317,394	4,932,760	+14.3
Value of Postal Money Orders	1,111,663	1,150,780	+3.5
Telephones in Service	63,401	60,308	-4.9
Sioux Falls			
Advertising Lineage Index	191.1	172.9	-9.5
Building Permits	8,410,701	8,720,671	+3.7
Value of Postal Receipts	12,560,647	19,761,763	+57.3
Value of Postal Money Orders	1,103,897	1,121,608	+1.6
Telephones in Service	86,683	82,322	-5.0
Watertown			
Building Permits	2,695,949	1,915,477	-29.0
Value of Postal Receipts	3,863,932	2,160,392	-44.1
Value of Postal Money Orders	377,779	409,243	+8.3
Telephones in Service	17,064	16,537	-3.1
Yankton			
Building Permits	2,443,420	1,271,868	-47.9
Value of Postal Receipts	1,917,264	2,188,958	+14.2
Value of Postal Money Orders	338,201	340,993	+0.8
Telephones in Service	13,624	13,331	-2.2

CROP PRODUCTION SUMMARY
South Dakota
1980, 1981, and 1982
(000's Bushels)

Crop	1980	1981	1982
Wheat, All	62,425	88,970	99,630
Corn, Grain	121,900	180,600	192,720
Corn, Silage (ton)	5,353	4,321	4,080
Oats	66,000	70,520	123,800
Barley	15,180	20,060	23,435
Rye	4,030	3,220	4,680
Flaxseed	3,445	2,249	3,335
Potatoes (Fall, cwt.)	1,072	702	1,550
Soybeans	20,020	22,330	25,730
All Hay (ton)	5,359	5,786	8,635

Source: South Dakota Crop & Livestock Reporter.

TELEPHONES IN SERVICE
Selected Cities - South Dakota
December 1981 and 1982

	Dec. 1981	Dec. 1982	% Change 1981/1982
Aberdeen	28,395	26,579	-6.4
Belle Fourche	4,902	4,614	-5.9
Canton	3,343	3,272	-2.1
Chamberlain	2,952	3,010	2.0
Deadwood	3,410	3,217	-5.7
DeSmet	1,743	1,704	-2.2
Elk Point	1,799	1,778	-1.2
Hot Springs	4,246	4,210	-0.8
Huron	14,423	13,912	-3.5
Lead	3,663	3,439	-6.1
Madison	6,846	6,690	-2.3
Milbank	5,158	5,165	0.1
Mitchell	14,855	14,358	-3.3
Mobridge	4,303	4,191	-2.6
Pierre	15,518	15,162	-2.3
Rapid City	63,401	60,308	-4.9
Redfield	4,417	4,347	-1.6
Sioux Falls	86,683	82,322	-5.0
Sturgis	6,455	6,340	-1.8
Tyndall	1,323	1,308	-1.1
Vermillion	8,369	8,095	-3.3
Watertown	17,064	16,537	-3.1
Webster	2,849	2,842	-0.2
Wessington Springs	1,770	1,774	-0.2
Winner	4,697	4,672	-0.5
Yankton	13,624	13,331	-2.2

Source: Northwestern Bell, Sioux Falls, SD.

CONSUMER PRICE INDEX *
United States
Jan.-Dec. 1982

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	% Change Jan.-Dec. 1982
All Items	282.5	283.4	283.1	284.3	287.1	290.6	292.2	292.8	293.3	294.1	293.6	292.4	3.5
Food & Beverages	273.6	275.8	275.6	276.5	278.1	280.2	280.8	279.9	280.1	279.6	279.1	279.1	2.0
Food	281.0	283.3	283.0	283.9	285.5	287.8	288.5	287.4	287.6	287.0	286.4	286.5	2.0
Alcoholic Bev.	204.0	205.6	206.6	207.4	208.0	208.4	209.2	210.1	210.1	210.6	210.9	210.9	3.4
Housing	306.1	307.3	306.7	309.4	313.8	317.5	319.2	320.1	319.7	320.7	319.0	316.3	3.3
Shelter	328.3	329.5	327.6	331.4	336.7	340.9	342.8	344.2	342.6	342.8	340.7	335.9	2.3
Rent, Residential	217.8	218.6	219.6	220.1	221.8	222.6	224.8	226.0	226.9	228.9	230.2	230.8	6.0
Homeownership	367.5	368.7	365.7	370.6	377.4	382.8	384.5	385.9	383.0	382.8	379.5	372.9	1.5
Fuel & Other Util.	336.2	337.1	339.3	339.2	345.4	352.2	354.7	356.3	359.5	363.4	362.2	364.1	8.3
Fuels	426.9	427.6	430.5	428.2	438.0	448.4	452.0	454.0	458.5	464.5	461.9	464.0	8.7
Fuel Oil-Coal-Btl Gas	686.0	683.1	664.0	641.3	644.6	656.6	659.9	659.9	662.8	677.2	691.3	688.5	0.4
Gas & Electric	367.4	368.7	375.9	377.8	388.6	398.5	402.1	404.4	409.2	413.4	407.6	410.6	11.8
Other	192.7	193.9	195.0	197.7	198.9	200.4	201.4	202.4	203.6	204.5	205.1	206.6	7.2
Household Furn. & Oper.	228.4	230.2	231.6	232.6	233.4	233.7	234.1	233.4	234.2	235.4	235.1	235.7	3.2
Apparel & Upkeep	187.3	188.0	191.1	191.9	191.5	190.8	189.7	191.8	194.9	195.5	195.4	193.6	3.4
Transportation	289.9	288.0	285.0	282.9	285.6	292.8	296.1	296.2	295.3	295.5	295.8	294.8	1.7
Private Transportation	286.6	284.5	281.3	278.8	281.5	288.9	292.3	292.4	291.1	291.1	291.4	290.4	1.3
Public Transportation	334.9	336.8	336.7	339.3	342.1	345.6	347.2	348.1	353.3	356.3	356.0	355.6	6.2
Medical Care	313.4	316.2	318.8	321.7	323.8	326.4	330.0	333.3	336.0	338.7	342.2	344.3	9.9
Entertainment	229.2	231.2	232.8	233.9	234.4	235.6	236.6	237.4	238.3	240.3	239.9	240.1	4.8
Other Goods & Services	248.4	250.3	252.2	253.8	255.0	255.8	257.2	258.3	266.6	271.2	273.8	276.6	11.4

*Consumer Price Index for all urban consumers

Source: Bureau of Labor Statistics, U.S. Dept. of Labor

BUSINESS RESEARCH BUREAU
SCHOOL OF BUSINESS
THE UNIVERSITY OF SOUTH DAKOTA
VERMILLION, SOUTH DAKOTA 57069

HOURS AND EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
December 1981 and December 1982

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	Dec. 1982	Dec. 1981	Dec. 1982	Dec. 1981	Dec. 1982	Dec. 1981
South Dakota Statewide	304.22	311.54	41.0	42.1	7.42	7.40
Manufacturing	265.69	267.07	38.9	40.1	6.83	6.66
Durable Goods	268.88	266.18	38.8	40.7	6.93	6.54
Fabricated Metals & Mach.	343.87	357.58	43.2	44.2	7.96	8.09
Nondurable Goods	403.50	414.05	45.8	45.6	8.81	9.08
Food & Kindred Products	270.78	255.15	37.4	38.6	7.24	6.61
Paper, Printing & Publishing						
Sioux Falls SMSA						
Manufacturing	427.39	464.58	47.7	48.8	8.96	9.52

*Average hours and earnings data are derived from reports of payrolls and hours for production and related workers.

Source: South Dakota Department of Labor, "Labor Bulletin".

CONG INFORM SERV.
4520 E WEST HIGHWAY
BETHESDA MD 20814

TOTAL PERSONAL INCOME
United States, Plains Region and States
1981 and First Three Quarters 1982
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1981				1982			% Change 3rd Qtr. '82 3rd Qtr. '81
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	
United States	2,321,266	2,370,938	2,447,592	2,482,596	2,498,639	2,541,536	2,584,937	
Plains States	171,088	174,627	180,153	182,213	182,265	185,062	188,342	4.5
Iowa	29,380	30,013	30,910	31,146	30,517	31,097	31,663	2.4
Kansas	24,926	25,465	26,109	26,550	26,946	27,144	27,597	5.7
Minnesota	42,467	43,472	44,984	45,424	45,324	46,033	46,753	3.9
Missouri	46,380	46,993	48,367	48,989	49,468	50,567	51,572	6.6
Nebraska	15,764	16,113	16,709	16,796	16,761	16,845	17,040	2.0
North Dakota	6,342	6,592	6,897	7,069	7,018	7,062	7,252	5.1
South Dakota	5,828	5,979	6,177	6,240	6,231	6,314	6,435	4.2

NOTE: Detail may not add to totals because of rounding
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
December 1981 and December 1982
(In Thousands)

	Dec. 1982	Dec. 1981	% Change
Total	228.2	233.8	-2.4
Mining	2.7	2.8	-3.6
Construction	6.7	8.0	-16.3
Manufacturing	24.2	25.7	-5.8
Durable Goods	11.5	13.1	-12.2
Fabricated Metals & Machinery	7.1	8.7	-18.4
Nondurable Goods	12.7	12.6	.8
Food & Kindred Products	7.8	7.8	.0
Paper, Printing & Publishing	2.4	2.5	-4.0
Transportation and Public Utilities	12.3	12.7	-3.1
Transportation Except Railroads	6.0	6.2	-3.2
Communication & Public Utilities	5.6	5.6	.0
Wholesale and Retail Trade	60.6	63.7	-4.9
Wholesale Trade	16.0	16.9	-5.3
Durable Goods	7.2	7.7	-6.5
Nondurable Goods	8.8	9.2	-4.3
Retail Trade	44.6	46.8	-4.7
Finance, Insurance & Real Estate	12.0	11.6	3.4
Services	51.5	51.1	.8
Hotels, Amuse., Pers. & Business	12.8	12.5	2.4
Medical and Health	21.6	21.3	1.4
Educational, Membership & Social	14.3	14.5	-1.4
Government	58.2	58.2	.0
Federal	10.2	10.3	-1.0
State	16.3	16.3	.0
State Education	8.4	8.4	.0
Local	31.7	31.6	.3
Local Education	18.5	18.6	-.5

Source: South Dakota Department of Labor, "Labor Bulletin."

TAXABLE RETAIL SALES
In Selected Cities
of South Dakota
(000's of Dollars)

	3rd Qtr. 1982	3rd Qtr. 1981	% Change 3rd Qtr. 1982 from 3rd Qtr. 1981	1st Three Quarters 1982	1st Three Quarters 1981	% Change 3rd Qtr. 1982 from 3rd Qtr. 1981
Aberdeen	50,[illegible]	52,240	-3.6	142,203	146,170	-2.7
Belle Fourche	8,012	7,500	6.8	21,240	20,661	2.8
Brookings	23,039	22,093	4.3	64,415	61,934	4.0
Chamberlain	5,121	4,962	3.2	13,560	13,457	.8
Dell Rapids	2,369	2,176	8.9	6,443	6,276	2.7
Huron	22,400	22,118	1.3	62,344	62,975	-1.0
Lead	3,592	7,348	-51.1	15,137	20,595	-26.5
Madison	9,398	9,230	1.8	26,351	26,086	1.0
Milbank	10,586	7,546	40.3	25,386	21,665	17.2
Mitchell	31,148	30,665	1.6	80,684	81,283	-.7
Mobridge	6,894	6,299	9.4	19,246	17,995	7.0
Pierre	21,121	20,540	2.8	58,427	59,281	-1.4
Rapid City	122,950	115,521	6.4	312,270	300,500	3.9
Sioux Falls	175,609	169,759	3.4	487,019	476,994	2.1
Vermillion	9,533	8,995	6.0	25,987	25,598	1.5
Watertown	33,974	33,701	.8	96,910	93,915	3.2
Winner	8,221	7,650	7.5	22,394	21,860	2.4
Yankton	24,953	22,637	10.2	70,020	64,582	8.4
Totals	569,268	550,980	3.3	1,550,036	1,521,827	1.9

PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD--SOUTH DAKOTA

Commodity and Unit		Base Period Price 1910-1914 Average	Dec. 1982	Dec. 1981	1982 Price as % of Base	% Change Dec. 1982/ Dec. 1981
Wheat	Bu.	.85	3.42	3.59	402	-4.7
Corn	Bu.	.51	2.05	2.21	402	-7.2
Oats	Bu.	.35	1.32	1.94	377	-32.0
Barley	Bu.	.59	1.53	2.32	259	-34.1
Flaxseed	Bu.	1.68	4.85	6.70	289	-27.6
Milk, whsl.	Cwt.	1.82	NA	13.40	NA	NA
Eggs	Doz.	.196	NA	NA	NA	NA
Cattle	Cwt.	5.24	54.40	51.10	1038	+6.5
Calves	Cwt.	6.08	63.90	59.10	1051	+8.1
Hogs	Cwt.	7.07	53.60	38.30	758	+39.9
Sheep	Cwt.	4.24	17.10	18.50	403	-7.6
Lambs	Cwt.	5.66	47.90	47.70	846	+0.4
Wool	Lb.	.178	.60	.82	337	-26.8

Source: South Dakota Crop and Livestock Reporter.

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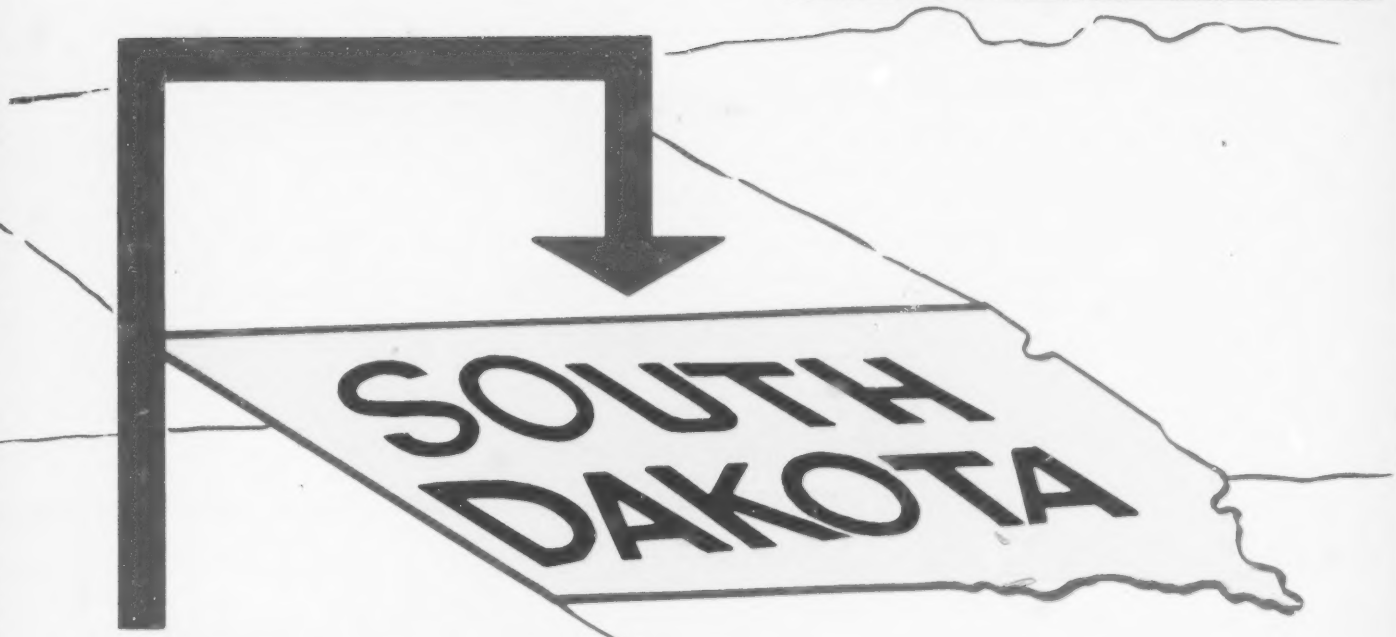

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SOUTH DAKOTA'S TAX BURDEN: A CLOSER LOOK

Raymond J. Ring

Introduction

Taxes and weather are probably the most discussed of all topics of conversation. While weather may be discussed more frequently, taxes are surely discussed more vehemently. Discussion of each is frequently marked with speculation, unfounded assertion, and not a little misinformation. This paper attempts to remove some of the misinformation about taxes in South Dakota and, it is hoped, even prevent a few unfounded assertions.

Many assertions made about taxes involve comparing taxes in South Dakota to taxes in other states or comparing the current tax level to those that existed in the past. Any proper comparison of current to past taxes must also adjust for inflation and for changes in the ability to pay taxes. Data presented here shed light on all of these issues.

The first part of this paper is a presentation and discussion of various forms of actual (current dollar) revenues of all state and local governments in South Dakota from 1963 to 1981. Tax data are then adjusted for inflation, population, and state personal income, permitting comparisons not only over time but also among states. Data on exporting of taxes (i.e., shifting the burden onto persons outside the state) are also presented. Finally, a more complicated system is discussed which accounts for factors other than personal income in estimating each state's tax base and the extent to which the tax base is used. Again with this system, comparisons are made over time and among states.

Total Taxes

Table 1 contains data on total revenues of all South Dakota state and local governments (including counties, cities, school districts, townships, and special districts) from 1963 through 1981. "Total taxes" excludes interest earnings; fees and charges such as college tuition, utility user fees, and fines; proprietary earnings such as income from the South Dakota cement plant; and federal payments such as general revenue sharing, highway trust fund payments, and reimbursement for food stamps. This column shows that taxes increased in every year.

TABLE 1

Revenues of South Dakota
State and Local Governments

Fiscal Year	Total Revenues (Millions of Dollars) Total General Revenue	Own Source Revenue	Total Taxes	Taxes per Capita Amount ($)	Nat'l. Ranking	Taxes per $1000 Personal Income Amount ($)	Nat'l. Ranking
1963	248.5	200.7	158.6	224	25	111	7
1964	267.0	205.8	162.0	227	28	117	10
1965	284.6	214.3	169.2	241	31	126	3
1966	299.5	234.6	188.0	276	28	124	10
1967	322.9	250.7	193.8	288	27	118	11
1968	358.6	275.1	214.7	327	23	123	10
1969	390.6	301.8	232.5	353	24	123	9
1970	433.5	340.9	265.2	398	24	133	7
1971	483.9	380.7	291.7	435	22	138	5
1972	533.1	417.6	313.1	461	25	135	11
1973	596.4	439.8	339.2	496	27	135	12
1974	646.5	467.7	353.9	519	30	110	36
1975	688.9	497.6	370.8	543	33	116	29
1976	763.4	548.8	409.1	596	33	122	20
1977	820.4	601.5	433.6	629	35	123	22
1978	905.0	654.0	471.0	683	38	115	34
1979	981.5	713.0	510.0	740	41	108	39
1980	1106.7	790.9	544.1	789	37	106	32
1981	1180.0	851.7	587.0	850	38	109	26

Source: U.S. Department of Commerce, Bureau of the Census, Governmental Finances, various issues.

A much different picture emerges when inflation is taken into account. Figure 1 is a graph of total taxes adjusted for inflation in two different ways. Adjusting with the personal consumption expenditure deflator (PCE), a measure of consumers' cost of living,[1] provides a measure of changes in purchasing power **given up** by taxpayers when they paid their taxes. On the other hand, using the

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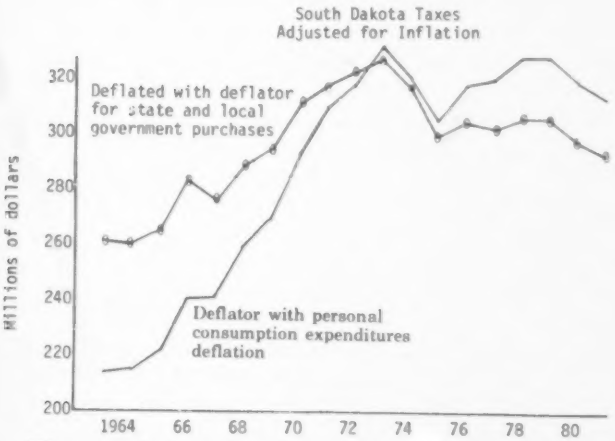
implicit price deflator for state and local government purchases, an index of prices of goods and services typically bought by state and local governments, produces a measure of changes in the quantity of real goods and services that South Dakota governments could purchase with their tax collections.

FIGURE 1



The real tax burden (taxes adjusted for purchasing power of taxpayers) increased at an average annual rate of 4.5% between 1963 and 1973 but fell by about 0.7% per year between 1973 and 1981. The real purchasing power of governments (taxes adjusted for costs of goods and services purchased by governments) increased by only about 2.3% per year from 1963 to 1973, and declined by about 1.4% per year after that.

In the recent past, taxpayers have complained of ever higher tax burdens, but elected officials and government employees claimed they could not provide more services. The data in Figure 1 support both claims. The divergence arose because consumer prices rose less rapidly than did prices of items purchased by state and local governments.

Own Source Revenue

Own source revenue--which includes, in addition to taxes, interest income and the various forms of charges and fees--is a more comprehensive measure of residents' total payments to state and local governments. This may be a better measure for comparing total costs of governments in different states, since some states prefer user charges in lieu of some taxes. Own source revenue for South Dakota grew more rapidly than did taxes during the 1960's and 1970's. Adjusted for taxpayers' purchasing power, own source revenues rose at average annual rates of 4.8% from 1963 to 1973 and 0.7% per year after that. Adjusted for prices of government-provided goods and services, it rose by 2.6% per year in the earlier period and remained roughly constant after 1973.

[1]This measure of the cost of living is less well-known than the Consumer Price Index (CPI) but is preferred by many economists because it accounts for changes over time in consumers' spending patterns. By contrast, the CPI measures the cost of an unchanging "market basket" of goods and services.

Total General Revenue

Total general revenue is a still more comprehensive measure. Besides own source revenue, it includes federal grants to both levels of government: highway funds, education aid, matching funds for welfare programs, general revenue sharing, and many other forms of Federal grants. Federal aid provides a large share of South Dakota governments' total general revenues, and this proportion increased during the 1970's. In 1980 Federal aid to South Dakota was about 3.4 times what it had been in 1970. Federal grants made up about 22-23 percent of South Dakota total general revenue throughout the 1960's, then rose rapidly to about 27-28 percent during the latter half of the 1970's. Adjusted for prices of government-provided goods and services, total general revenue grew at average annual rates of 3.4% between 1963 and 1973 and 0.3% after that.

Taxes Per Captia

The quantitative measure most often cited in discussions of South Dakota taxes (e.g., newspaper stories) is taxes per capita: total tax collections divided by total state population. Table 1 also shows taxes per capita for South Dakota governments since 1963. Since the state's population was quite stable during that period, taxes per capita grew at about the same rate as did total taxes. When adjusted for inflation in the cost of living (using the personal consumption expenditure deflator), South Dakota's taxes per capita rose at an average annual rate of 4.9% from 1963 to 1973 and fell by 0.8% per year after 1973.

While South Dakota's real (inflation adjusted) per capita tax burden remained approximately constant in the 1970's, the burden in most other states was rising. Consequently, South Dakota's burden fell relative to that of other states. The state ranked 24th in taxes per capita in 1970, 37th in 1980. South Dakota's tax burden per capita also fell relative to surrounding states. Of the seven states in the region (South Dakota plus the six bordering states), South Dakota was the median state in 1970, but had the lowest burden per capita in 1980. See Table 2.

TABLE 2

Taxes per Capita and Per $1000 Personal Income, South Dakota and Surrounding States

	1965		1970		1975		1980	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Per Capita								
U.S.	264	--	427	--	664	--	987	--
SD	241	31	398	24	543	33	789	37
Iowa	276	16	436	16	637	21	967	23
Minn.	299	7	442	15	754	8	1125	8
Montana	265	22	398	25	612	26	1000	16
Nebraska	220	38	396	26	577	28	963	24
ND	248	26	376	28	613	25	847	29
Wyoming	278	15	434	17	697	15	1399	3
Per $1000 Personal Income								
U.S.	104	--	117	--	123	--	116	--
SD	126	3	133	7	116	29	106	32
Iowa	116	17	125	16	121	18	111	26
Minn.	127	2	125	15	139	6	127	8
Montana	118	23	127	9	126	14	130	7
Nebraska	93	42	112	27	110	34	111	27
ND	118	24	125	13	110	35	102	40
Wyoming	113	19	134	5	134	9	148	3

Source: U.S. Department of Commerce, Bureau of the Census, Governmental Finances, various issues.

(Continued on Page 4)

There was some improvement in the indicators of business activity maintained by the Business Research Bureau. Both new cars and trucks registered slight gains in the first quarter of 1983 compared to the fourth quarter of 1982. Compared to the first quarter of 1982 there was considerable improvement in the sale of new cars and new trucks during the first quarter of 1983.

Employment in the construction industry made slight advances in the first quarter of 1983 compared to the fourth quarter of 1982. For this same period the unemployment rate rose to 6.2 percent compared to 6.0 percent. It is still well below the double digit figures for the United States.

On a seasonally adjusted basis taxable retail sales declined in the fourth quarter of 1982 compared to the third quarter of 1982. Taxable retail sales did however increase 2.4 percent on a non-seasonally adjusted basis. On a national basis, total retail sales rose in the first quarter of 1983 compared to this period a year ago, but declined slightly from the fourth quarter of 1982. On a monthly basis U. S. retail sales rose to a seasonally adjusted $94.22 billion in April compared to $92.74 billion in March. The outlook for this sector is for increased factory production and employment along with improved overall economic growth.

Revised income data were recently released by the Department of Commerce, Bureau of Economic Analysis. On a seasonally adjusted basis personal income in South Dakota increased almost 3½ percent in the fourth quarter of 1982 compared to the previous quarter. For this same period U.S. income rose approximately 1 percent. South Dakota's farm proprietor's income made substantial gains in the fourth quarter of 1982 compared to the previous quarter with an increase of almost 40 percent. Following is a table of South Dakota's business indices.

South Dakota Business Indices
1982-1983, Quarterly
Seasonally Adjusted
(1972 = 100)

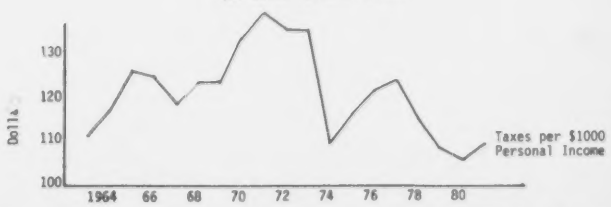
	1982				1983
	1	2	3	4	1
Personal Income	120.0	121.5	121.4	125.5	NA
Farm Prop. Income	47.1	49.0	51 1	71.3	NA
Taxable Retail Sales	117.4	118.7	117.4	115.8	NA
Unemployment Rate (%)	4.8	5.2	5.1	6.0	6.2
Construction Employment	101.2	97.5	97.7	90.4	92.2
New Cars	66.6	59.2	59.9	70.2	72.2
New Trucks	56.1	59.1	54.6	67.0	68.5

South Dakota's Tax Burden: (Continued from Page 3)

Taxes Per $1000 Personal Income

While taxes were rising during the last 20 years, so were incomes and thus the ability to pay taxes. Another way to examine a state's tax burden is to divide total tax collections by total personal income of state residents. This figure can be expressed as taxes per $1000 personal income. South Dakota's tax burden with respect to personal income generally increased from 1963 to 1971, but declined in most years after that. See Table 1 and Figure 2. The net effect is that South Dakota's tax burden by this measure was lower in 1981 than in 1963. The reason for the decline after 1971 is that the state's personal income rose more rapidly than did taxes. While personal income per capita rose an average of 9.5% per year between 1970 and 1980, taxes per capita rose by only 7.1% per year.

FIGURE 2
South Dakota Taxes
per $1000 Personal Income



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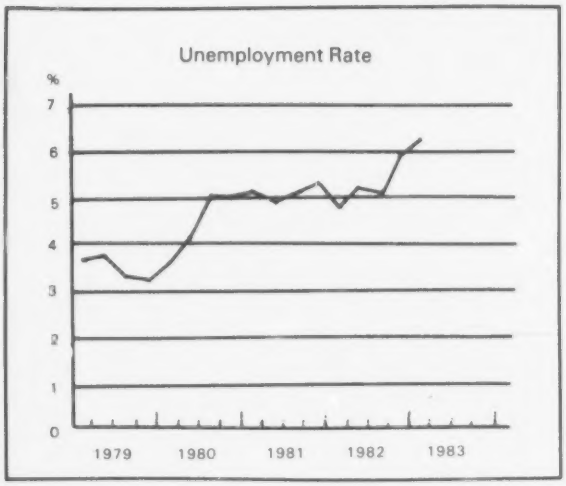
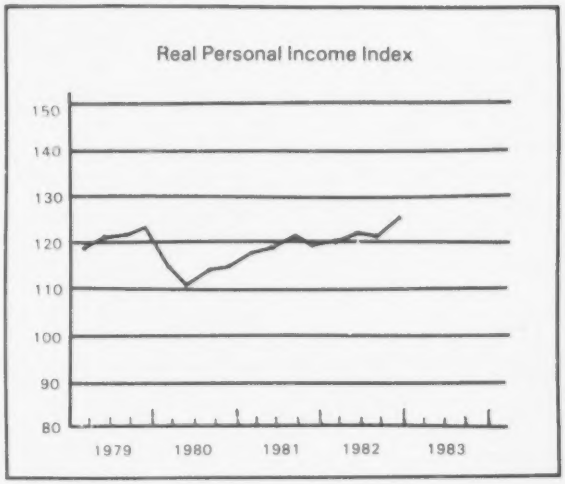
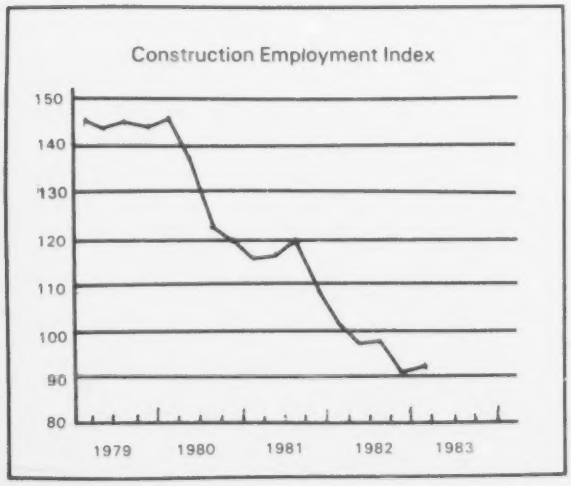
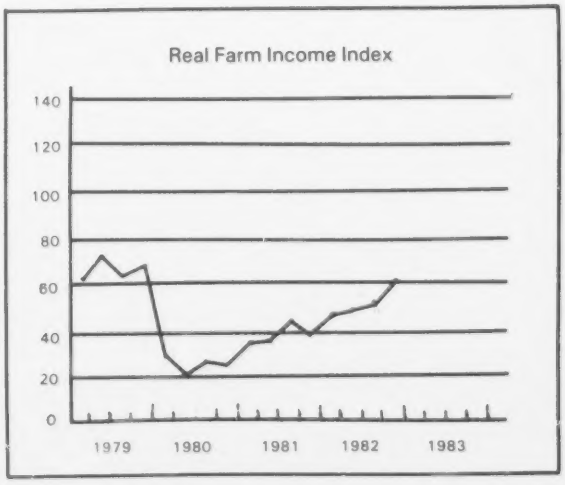
SOUTH DAKOTA BUSINESS & ECONOMIC INDICES

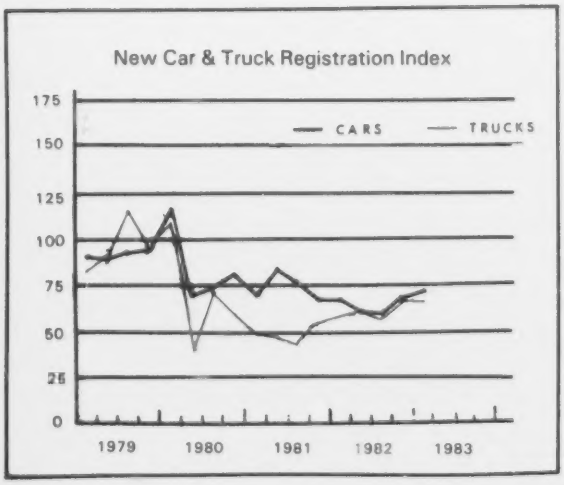
Quarterly Data 1979-1983
Adjusted for Seasonal Variation











South Dakota's Tax Burden: (Continued from Page 4)

Because South Dakotans' personal income per capita is considerably below that of the nation and most surrounding states, it comes as no surprise that South Dakota ranks much higher among the states in terms of taxes per $1000 personal income than in terms of taxes per capita. However, even by this measure, South Dakota ranked rather low in 1981. See Table 1. While the tax burden per $1000 personal income was falling in South Dakota, it remained relatively constant in most other states. Consequently, South Dakota's tax burden was declining vis-a-vis most other states in the nation and the region. Between 1970 and 1980, South Dakota dropped from 7th to 32nd nationally and from 2nd to 6th regionally. See Table 2.

Representative Tax System (RTS)

So far in this paper income has been used as the measure of ability to pay taxes and of a state's capacity to raise revenue.

> As an indicator of fiscal capacity, however, per capita income has been criticized because it does not completely account for all the sources available for state tax purposes. This shortcoming is particularly true for the energy-rich states or the tourist-rich states . . . which can tap resources not strongly related to their respective state per capita incomes. Income is also an inadequate measure for farm states that have large amounts of real property and for those states that have a relatively large concentration of corporate activity. Overall, per capita income is a better measure of the economic well-being of a state's residents than of a government's ability to raise revenue.[2]

The Advisory Commission on Intergovernmental Relations (ACIR) has developed the Representative Tax System (RTS), an alternative means of estimating each state's tax base and tax burden.

> The Representative Tax System provides a comprehensive measure of each state's overall tax base by combining all sources of tax revenue, such as property, income, retail sales, and minerals, into a composite index of state tax capacity. The index is calculated by estimating the amount of revenue that each state would raise if it used an identical set of tax rates. The rates used for the calculation are "representative" in the sense that they are the national average tax rates for each base. Because the same tax rates are used for every state, estimated tax yields vary only because of differences in the underlying bases.
>
> All bases commonly subject to state and local taxation are used in the RTS measure of tax capacity. The representative tax rates are applied in every state regardless of whether a given state actually taxes a particular base . . . .
>
> An individual state's decision to stress one type of tax or another does not affect the measurement of its potential "tax wealth" relative to other states.[3]

Tax Capacity Per Capita

Table 3 contains RTS data for South Dakota and contiguous states. It shows that South Dakota has the lowest tax capacity in the region and ranks quite low (35th) nationally. The tax capacity index (the state's tax capacity per capita as a percent of the average tax capacity per capita of all 50 states) shows that South Dakota and Nebraska are the only states in the region with tax capacities below the national average. Examination of individual taxes helps explain differences in tax capacities. Property values per capita are well above the national average in every state of the region; the sales tax base per capita is above the national average for each state except Nebraska; and the severance tax base is well above average in Montana, North Dakota, and Wyoming. These higher tax bases offset the relatively low individual and corporate income tax bases. In Nebraska and South Dakota, higher property and sales tax bases do not fully compensate for lower income tax bases, leaving tax capacity indexes below 100.[4]

TABLE 3

Representative Tax System:
Tax Capacity Per Capita

	1980 per Capita	1980 Index	1980 Rank	1979 Index	1975 Index	1967 Index	1980 Tax Cap. + Fed. Grants Index	1980 Tax Cap. + Fed. Grants Rank
U.S.	$ 949	100	--	100	100	100	100	--
SD	856	90	35	95	94	91	111	8
Iowa	998	105	17	108	106	104	100	26
Minnesota	969	102	21	105	97	105	100	26
Montana	1067	112	8	113	103	105	125	4
Nebraska	918	97	26	100	106	110	94	32
ND	1028	108	13	109	101	92	116	5
Wyoming	1862	196	2	173	153	141	185	2

Source: 1975-80: Robert B. Lucke, "Rich States--Poor States: Inequalities in Our Federal System," Intergovernmental Perspective, Vol. 8, No. 2 (Spring 1982), p. 23.
1967: Advisory Commission on Intergovernmental Relations, Tax Capacity of the Fifty States: Methodology and Estimates (Washington, D.C.: U.S. Government Printing Office, March 1982), pp. 20-21.

*See text for explanation of tax capacity and of tax capacity index.

Nebraska is the only state in the region to experience a substantial decline in the tax capacity index between 1967 and 1980. This does not mean that Nebraska's tax capacity per capita declined in absolute terms during that time -- only that it declined relative to the rest of the nation. South Dakota's 1980 tax capacity index is essentially unchanged from the 1967 index. Since these indexes show considerable year-to-year fluctuation, it is possible that the 1980 figure is inordinately low and that the index will "recover" in the future.

Adding federal grants to tax capacity gives a more comprehensive index of each state's ability to shown in the last two columns of Table 3. Comparing this measure of capacity to the index of

[2]Robert B. Lucke, "Rich States – Poor States: Inequalities in Our Federal System," **Intergovernmental Perspective**, Vol. 8, No. 2 (Spring 1982), p. 22.

[3]Ibid., p. 23.

[4]Data for individual tax bases are for 1979 and are published in ACIR, **Tax Capacity of the Fifty States: Methodology and Estimates** (Washington,D.C.: U.S. Government Printing Office, March 1982), Chapter 8.

Comparing this measure of capacity to the index of tax capacity alone illustrates how greatly South Dakota benefits from Federal grants; adding grants raises South Dakota's national ranking from 35th to 8th. Only Vermont experiences a larger increase in the capacity index because of Federal grants. It remains to be seen when new data are published whether South Dakota gained or lost relative to other states as a result of the substantial decrease since 1980 in Federal aid to state and local governments.

Another measure of states' capacities for raising revenues is the "revenue capacity index" (not shown in the tables), which includes tax capacity plus "sources of revenue like fees, charges, and royalty income from natural resource extraction."[5] South Dakota's revenue capacity index is 88, ranking the state 39th nationally.[6] An adjusted revenue capacity measure, "after the inclusion of Federal grants and the deduction of Federal taxes," produces an index of 119 (ranking of 7) for South Dakota. Again with this measure, only Vermont benefits more than South Dakota from inclusion of Federal receipts and payments.[7]

Tax Effort

Although the tax capacity index is a good measure of a state's relative ability to raise taxes, it does not indicate how much of that ability is being used, i.e., tax effort.

> A state's tax effort can be measured by the ratio of its total tax collections to its total tax capacity.... A tax effort index of greater than 100 indicates that a state is taxing its overall base at greater than average rates, and vice versa.[8]

Tax effort indexes for South Dakota and surrounding states are given in Table 4. These data show that South Dakota's tax effort has dropped from well above the national average (and a national ranking of 10) in 1967 to far below the national average in 1979 (the latest year for which data are available.) Regionally, South Dakota's tax effort has dropped from second highest to second lowest during that time. Only Nebraska in this region has experienced an increase in tax effort index during this period, primarily because of that state's decline in tax capacity. Only Minnesota taxes its overall tax base more than the national average.

TABLE 4

Representative Tax System: Tax Effort

	1979 Index	1979 Rank	1975 Index	1967 Index
U.S.	100	--	100	100
SD	84	36	88	107
Iowa	93	26	94	104
Minnesota	116	8	118	119
Montana	88	30	91	93
Nebraska	98	18	85	78
ND	77	47	92	97
Wyoming	79	43	66	79

Source: ACIR, Tax Capacity of the Fifty States. . ., pp. 44-45.

Differences in tax effort are best understood through examination of different states' reliance on different taxes. Wyoming, with sales tax capacity nearly 30% above the national average, is the only state in the region with sales tax effort above 100. All other states in the region have sales tax (both general and excise) capacity at or only slightly above the national average, and sales tax rates well below the national average. South Dakota's sales tax effort index, at 92.4, is the second highest in the region. Property tax capacity exceeds the national average in every state of the region, but only Montana, Nebraska, and South Dakota have property tax rates well above national average rates. Iowa, Minnesota and Montana have individual and corporate income tax effort indexes above 100.[9]

Summary

There are several ways to measure a state's ability to raise revenues and its actual use of that ability. Whichever measure is used, the following are found to be true:

1. Every state's tax revenues (measured in current dollars) increased during the past 20 years.
2. Even after adjustment for inflation, state taxes rose substantially between 1963 and 1973 in most states, including South Dakota. After 1973, while most other states' taxes were continuing to rise in real terms, South Dakota's inflation-adjusted taxes fell slightly.
3. Because of this relatively slow growth in South Dakota taxes, the state's tax burden declined relative to most other states in the nation and the region (i.e., contiguous states). The change is most striking in terms of South Dakota taxes per $1000 personal income. By this measure of the tax burden, South Dakota dropped from consistently ranking among the top ten states to usually ranking in the bottom 20. This measure of the tax burden shows South Dakota dropping from second highest in the region in 1965 to second lowest in 1980.
4. In terms of total tax base (or tax capacity) South Dakota has over the last 15 years retained roughly the same position vis-a-vis the other fifty states. South Dakota has also retained the same relative position vis-a-vis surrounding states: tax capacity below that of every adjoining state.
5. South Dakota's tax effort fell from 7 percent above the national average in 1967 to 16 percent below the national average in 1979. South Dakota had the second highest tax effort in the region in 1967, the third lowest tax effort in 1979.

[5] Albert Davis and Robert Lucke, "The Rich-State-Poor-State Problem in a Federal System," **National Tax Journal,** Vol. 35, No. 3 (September 1982), p. 337.
[6] Ibid., p. 344.
[7] Ibid., p. 353.
[8] ACIR, **Tax Capacity of the Fifty States,** p. 43.
[9] Ibid., Ch. 8.

IS THE INFLATION CYCLE DEAD?

Ralph J. Brown

Introduction

Recent inflation news has been very good indeed. The double-digit inflation of 1979 and 1980 have given way to near zero inflation rates in the first four months of 1983. While few analysts expect the near zero inflation trend to continue most do feel that inflation will remain at fairly low rates for at least the next several years. Perhaps we are entering a new era of low inflation much like the years of the late 1950's and early 1960's when inflation rates were consistently below two percent.

Without wanting to sound too cynical we should be reminded that we have heard all of this before. For instance after President Nixon imposed price and wage controls in 1971 there was a sense of optimism by many about the inflation outlook. Yet, less than two years later inflation was approaching double-digit rates. Once again in 1976 when the inflation rate fell below five percent there was a growing feeling that the inflation war was being won. By 1979, we were once again embroiled in double-digit inflation.

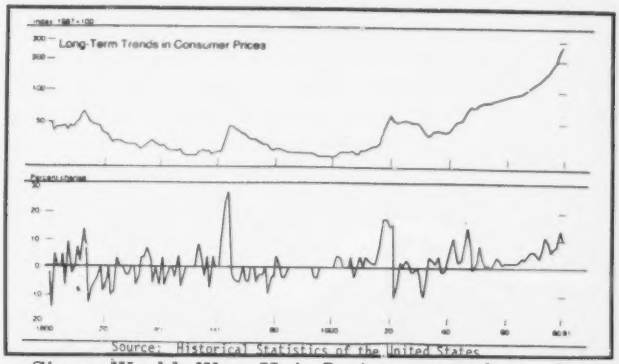
This time things are different, we are told. The parts are all in place which will allow us to really keep inflation under control. The energy price shocks of 1974 and 1979 are a thing of the past in a world of falling oil prices. The Federal Reserve System has learned its lesson and can be counted upon to keep the money supply under control. The tax cuts and a generally positive attitude toward investment and saving in Washington will help to restore the rate of growth in productivity. Labor now recognizes that excessive wage demands are not in their long-term interest in a highly competitive world economy. With increasing acceptance of this optimistic outlook we have begun to see a dramatic change in financial markets. Interest rates having fallen sharply, for instance the prime rate which peaked at 21.5 percent in 1980, are now near 10 percent. The stock market as measured by the Dow-Jones 30 Industrial stocks has risen by more than 50 percent since last summer of 1982. Optimism abounds in the market place as the economy begins its recovery from the longest recession since the 1930's. We are beginning to hear in some corners that we are entering an era of sustained economic growth accompanied by low rates of inflation.

It is the purpose of this article to examine the historical evidence concerning inflation and inflation cycles. The causes of inflation will be cited and the question as to whether we are just in the low phase of the inflation cycle or in a permanently low inflation environment will be considered.

Inflation Cycles: Past and Present

The nature of the inflation cycle has changed in a fundamental way since World War II. Prior to 1940 we experienced a sharp acceleration in inflation during wars and generally falling prices (deflation) in the aftermath of these wars. See Figure 1 for the trend of prices and inflation since 1800. In the pre-1940 days the long-term overall price trend was stable. In fact, the price level in 1940 was at the same level as in 1800. Inflation rates could be positive as well as negative.

FIGURE 1

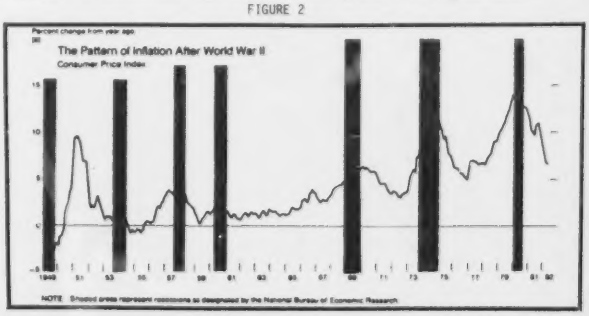


Source: Historical Statistics of the United States

Since World War II inflation rates have been generally positive and since 1960 we have experienced an upward trend in the inflation rates. For the first time in the post-war period inflation rates peaked with double-digit inflation rates during the energy shocks of 1974 and 1979. Consequently, the post-war experience with inflation has been episodes of either high or low inflation, but never a period of sustained deflation as was the case before 1940.

Figure 2 depicts the pattern of inflation cycles since World War II. During this time period we have experienced five major inflation cycles and since 1960 the cycles have accelerated with the peak and inflation rates exceeding the previous peak and trough rates. The only period of relative stability in inflation rates was the period from 1958 to 1965 when inflation was consistently below two percent. In the postwar period every downturn in the business cycle (shown as the shaded area in Figure 2) has been associated with a downturn in the rate of inflation and likewise every upturn has been associated with an acceleration in the rate of inflation. However, early in the recovery phase of the cycle, inflation rates trended down only to turn up later in the expansion. As shown in Figure 2 we are currently in the decelerating phase of the steepest inflation cycle of the postwar period.

FIGURE 2



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Inflation Causes

Short-run inflation rates can reflect a variety of monetary and non-monetary forces. The monetary forces relate to the rate of growth in the supply of money and basically determine the underlying rate of inflation. It is in this sense that inflation is essentially a monetary phenomenon. The non-monetary forces may reflect energy price shocks, price-controls or a variety of other factors causing changes in relative prices. In the long-run, the monetary forces dominate the inflation rate as the non-monetary forces wash-out or do not persist. Stated in another way, persistently rising prices cannot continue without an accommodating increase in the supply of money.

While excessive monetary growth may be viewed as the technical cause of inflation in the long-run the causes of excessive monetary growth are more complicated and ultimately more interesting. Obviously, the reasons for excessive money growth relate to a variety of forces ranging from political and social pressures to technical operating procedures used by the monetary authorities. Suffice it to say political pressures to create high employment, finance deficits, and maintain low interest rates would certainly rank high on the list of pressures to create faster money growth. Consequently, while we know that inflation is caused by excessive monetary growth relative to the economy's long-run ability to produce we also know that the political pressures lead to a strong inflationary bias in our policies. Furthermore, if one listens to the current political discussions there is little evidence that the pro-inflationary bias of policy is a thing of the past.

Where Are We In The Inflation Cycle?

As alluded to earlier the inflation cycle is closely related to the business cycle. Inflation peaks and peaks in the business cycle roughly coincide so that every business cycle downturn was accompanied by a decline in inflation.[1] Likewise "every expansion in business activity was accompanied, sooner or later, by a raise in inflation."[2] At the trough of the business cycle the inflation trough tends to lag. This would lead us to expect the inflation cycle to hit its trough within the next few months and begin to rise as the business expansion continues. In this sense, we don't think the inflation cycle is dead.

The really important question, however, relates to the levels at which inflation rates will peak in the present cycle. Will we once again see inflation peaking in the double-digit range by 1985 or 1986? Or will this cycle be different with inflation peaks in the more moderate 6 to 9 percent range?

[1]Geoffrey H. Moore, **Business Cycles, Inflation, and Forecasting,** National Bureau of Economic Research Studies in Business Cycles, No. 24 (Cambridge, Mass.: 1980), p. 47.

[2]Ibid.

There are a number of positive signs that indicate that we can expect mild inflation to continue. One favorable element is the very fact that we have been successful in bringing down inflation from very high rates. To be sure, the cost of lower inflation has been high in terms of lost jobs and idled capacity, but this should weigh heavily on price and wage increases for some time to come. Another positive sign is that the near-term energy outlook has improved significantly, with falling or stabilized petroleum prices.

On the opposite side of the low inflation outlook there are negative factors that cannot be ignored. The number one concern relates to the behavior of the money supply since June of 1982. Growth rates have accelerated to near the 15 percent range. Undoubtedly, this sharp upturn in money growth is the prime cause of the upturn we are currently experiencing. Nonetheless, money growth rates of these magnitudes cannot continue without re-igniting an inflationary upsurge. The policymakers gambled that to get a recovery they would take the risk of renewed inflation and so far they have won. Inflation, however, lags any upturn in money growth by about 18 to 24 months which introduces fears about the years of 1984 and 1985. If we are to avoid that problem the monetary authorities must rein in money growth to more reasonable rates. Whether this can be accomplished without aborting the recovery remains to be seen.

Another negative is the budgetary problems that have not yet been solved. With current expenditure and receipt programs in place the outlook is for continuing large deficits even in years of high economic growth. These deficits place pressure on the Federal Reserve to help "monetize" this debt which is of course inflationary. The reason interest rates are still so high, it is argued, is because of the fear of higher inflation rates in the future. In other words, the bond market has not been convinced that curent low inflation rates will continue. Long-term Treasury issues currently yield about 10.5 percent. Assuming a historical real rate of interest on Treasury bonds of about 2.5 percent yields an expected future inflation of about 8 percent. Financial markets are, of course, not always accurate in predicting future rates of inflation.

Conclusion

We doubt that inflation cycles are a thing of the past. Inflation rates will continue to follow a cyclical pattern and we expect higher rates of inflation as the current recovery matures. Whether inflation will move back into the double-digit range is not known at this time. However, several factors such as extremely expansionary monetary and fiscal policies do raise our concern. If high inflation rates do emerge it will probably not occur until 1985 or 1986.

GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
1981 and 1982
($000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return

REGION I	Jan-Dec 1981	Jan-Dec 1982	% Change Jan-Dec 1981/1982
Brookings	194,291	199,923	2.9
Brookings	161,795	172,388	6.5
Elkton	7,179	7,270	1.3
Volga	6,556	6,844	4.4
Clark	28,594	29,456	3.0
Clark	17,799	19,460	9.3
Codington	289,210	292,395	1.1
Watertown	276,034	281,733	2.1
Deuel	29,252	30,841	5.4
Clear Lake	17,173	18,222	6.1
Gary	2,321	2,402	3.5
Grant	76,968	84,886	10.3
Big Stone	2,786	2,770	- .6
Milbank	64,285	72,312	12.5
Hamlin	33,979	35,095	3.3
Bryant	7,914	6,643	-16.1
Castlewood	4,999	4,762	- 4.7
Estelline	6,992	7,258	3.8
Hayti	6,024	6,537	8.5
Kingsbury	61,644	61,785	.2
Arlington	19,212	18,972	- 1.3
DeSmet	16,526	16,860	2.0
Lake Preston	8,695	8,052	- 7.4
Lake	95,392	96,139	.8
Madison	84,384	85,309	1.1
Miner	27,633	24,497	-11.3
Howard	20,473	17,419	-14.9
Moody	57,778	55,615	- 3.7
Colman	22,462	26,693	18.8
Flandreau	23,478	23,038	- 1.9
TOTAL	894,743	910,634	1.8

REGION II			
Clay	77,741	77,362	- .5
Vermillion	69,685	69,664	.0
Lincoln	90,002	81,717	- 9.2
Canton	43,046	40,142	- 6.7
Hudson	3,400	4,711	38.6
Lennox	10,480	10,460	- .2
McCook	58,862	59,824	1.6
Bridgewater	12,030	12,111	.7
Canistota	5,319	4,712	-11.4
Salem	30,850	31,895	3.4
Spencer	5,724	5,116	-10.6
Minnehaha	1,815,924	1,818,618	.1
Brandon	7,610	7,617	.1
Colton	15,713	13,336	-15.1
Dell Rapids	25,276	24,612	- 2.6
Garretson	13,303	12,617	- 5.2
Hartford	10,929	11,391	4.2
Sioux Falls	1,626,273	1,637,655	.7
Turner	85,894	76,156	-11.3
Centerville	6,469	6,955	7.5
Marion	25,765	20,017	-22.3
Parker	15,436	18,209	18.0
Viborg	16,197	9,996	-38.3
Union	122,701	123,979	1.0
Alcester	18,187	18,537	1.9
Beresford	33,784	34,204	1.2
Elk Point	30,526	25,319	-17.1
N. Sioux City	33,682	38,927	15.6
TOTAL	2,251,124	2,237,656	- .6

REGION III	Jan-Dec 1981	Jan-Dec 1982	% Change Jan-Dec 1981/1982
Aurora	21,183	21,024	- .8
Plankinton	8,836	9,605	8.7
Bon Homme	55,148	56,045	1.6
Avon	9,071	11,502	26.8
Scotland	12,650	13,006	2.8
Springfield	8,412	8,763	4.2
Tyndall	19,061	16,853	-11.6
Tabor	5,862	5,808	- .9
Brule	57,989	61,981	6.9
Chamberlain	42,618	46,700	9.6
Kimball	13,308	13,226	- .6
Charles Mix	76,016	78,846	3.7
Geddes	6,101	6,046	- .9
Lake Andes	9,301	9,434	1.4
Platte	24,589	26,801	9.0
Wagner	33,639	34,224	1.7
Davison	266,981	265,897	- .4
Mitchell	250,556	252,244	.7
Douglas	34,815	33,643	- 3.4
Armour	10,342	10,574	2.2
Corsica	20,660	19,512	- 5.6
Gregory	53,887	53,842	- .1
Burke	9,131	8,788	- 3.8
Gergory	26,221	26,727	1.9
Hanson	29,629	29,369	- .9
Alexandria	19,780	18,371	- 7.1
Emery	6,274	6,855	9.3
Hutchinson	96,934	107,887	11.3
Freeman	41,081	48,627	18.4
Menno	9,515	10,682	12.3
Parkston	29,254	30,801	5.3
Tripp	6,731	7,821	16.2
Jerauld	32,992	37,715	14.3
Wess. Sprgs.	23,556	29,816	26.6
Sanborn	16,633	19,196	15.4
Woonsocket	12,285	14,065	14.5
Yankton	269,217	267,338	- .7
Yankton	250,852	246,871	- 1.6
TOTAL	1,011,422	1,032,784	2.1

REGION IV			
Beadle	210,762	210,986	.1
Huron	192,412	190,626	- .9
Brown	483,469	470,703	- 2.6
Aberdeen	432,475	424,535	- 1.8
Groton	22,032	19,571	-11.2
Day	65,364	61,436	- 6.0
Bristol	6,795	6,270	- 7.7
Waubay	4,117	3,557	-13.6
Webster	44,902	42,565	- 5.2
Edmunds	38,515	44,212	14.8
Bowdle	9,344	10,173	8.9
Hosmer	2,680	2,691	.4
Ipswich	19,253	21,989	14.2
Roscoe	6,490	6,000	- 7.6
Faulk	18,593	18,242	- 1.9
Faulkton	8,812	8,210	- 6.8
Hand	37,771	39,475	4.5
Miller	33,502	34,680	3.5
Marshall	45,021	41,511	- 7.8
Britton	30,573	24,098	-21.2
McPherson	26,238	23,796	- 9.3
Eureka	19,495	16,951	-13.1
Leola	5,745	5,907	2.8
Roberts	68,410	66,284	- 3.1
Sisseton	31,592	31,545	- .2
Wilmot	10,688	10,389	- 2.8
Spink	51,763	53,569	3.5
Doland	3,028	2,877	- 5.0
Redfield	36,506	37,137	1.7
TOTAL	1,045,905	1,030,215	- 1.5

REGION V	Jan-Dec 1981	Jan-Dec 1982	% Change Jan-Dec 1981/1982
Buffalo	2,467	1,230	-50.1
Campbell	22,343	13,419	-39.9
Herreid	8,653	8,611	- .5
Pollock	12,420	3,632	-70.8
Corson	14,326	14,400	.5
McIntosh	2,937	2,945	.3
McLaughlin	7,249	7,591	4.7
Dewey	25,471	25,346	- .5
Eagle Butte	11,877	11,645	- 2.0
Isabel	5,003	5,167	3.3
Timber Lake	6,273	6,154	- 1.9
Haakon	38,895	35,264	- 9.3
Philip	34,247	31,875	- 6.9
Hughes	150,982	148,143	- 1.9
Pierre	142,267	138,351	- 2.8
Blunt	6,000	7,310	21.8
Hyde	21,380	21,597	1.0
Highmore	20,918	21,164	1.2
Jones	20,297	21,056	3.7
Murdo	17,903	18,520	3.4
Lyman	22,577	22,816	1.1
Presho	6,744	7,126	5.7
Mellette	5,363	5,175	- 3.5
White River	3,374	3,295	- 2.3
Perkins	37,054	35,379	- 4.5
Lemmon	31,026	28,692	- 7.5
Potter	48,472	47,613	- 1.8
Gettysburg	31,100	30,249	- 2.7
Hoven	14,254	14,520	1.9
Stanley	19,516	18,347	- 6.0
Ft. Pierre	19,503	18,320	- 6.1
Sully	16,445	15,850	- 3.6
Onida	14,423	14,255	- 1.2
Tripp	83,224	77,407	- 7.0
Winner	80,376	74,438	- 7.4
Todd	16,720	16,931	1.3
Mission	15,045	15,134	.6
Walworth	76,589	76,916	.4
Selby	20,402	18,966	- 7.0
Mobridge	48,276	49,652	2.8
Ziebach	5,275	5,291	.3
Dupree	4,938	5,007	1.4
TOTAL	627,395	602,180	- 4.0

REGION VI	Jan-Dec 1981	Jan-Dec 1982	% Change Jan-Dec 1981/1982
Bennett	21,875	23,480	7.3
Martin	21,307	22,981	7.9
Butte	72,989	70,920	- 2.8
Belle Fourche	59,491	57,860	- 2.7
Newell	8,147	8,025	- 1.5
Custer	36,567	35,931	- 1.7
Custer	32,903	32,612	- .9
Fall River	45,980	43,593	- 5.2
Edgemont	11,663	10,184	-12.7
Hot Springs	29,298	28,434	- 2.9
Harding	6,243	6,330	1.4
Buffalo	5,307	5,480	3.3
Jackson	19,887	19,740	- .7
Kadoka	17,525	17,210	- 1.8
Lawrence	283,911	216,528	-23.7
Deadwood	45,762	45,936	.4
Lead	157,406	95,148	-39.6
Spearfish	58,468	54,274	- 7.2
Whitewood	10,564	8,988	-14.9
Meade	83,059	84,853	2.2
Faith	9,180	9,366	2.0
Sturgis	59,995	61,668	2.8
Pennington	1,058,991	1,102,155	4.1
Rapid City	983,748	1,021,834	3.9
Wall	23,893	28,672	20.0
Shannon	6,972	7,224	3.6
Pine Ridge	2,154	2,638	22.5
Washabaugh	324	464	43.1
TOTAL	1,636,799	1,611,218	- 1.6
STATE TOTAL	7,467,388	7,424,686	- 0.6

LOCAL BUSINESS CONDITIONS

	Jan.-March 1982	Jan.-March 1983	% Change Jan.-Mar. 1982/1983
Aberdeen			
Advertising Lineage Index	174.7	153.3	-12.2
Building Permits	0	96,426	
Value of Postal Receipts	793,057	794,509	0.2
Value of Postal Money Orders	122,328	129,449	5.8
Telephones in Service (March)	15,621	15,341	- 1.8
Brookings			
Building Permits	121,600	91,200	-25.0
Value of Postal Receipts	348,158	332,473	-4.5
Value of Postal Money Orders	50,913	70,870	39.2
Huron			
Building Permits	41,875	0	
Value of Postal Receipts	331,299	336,105	1.5
Value of Postal Money Orders	69,687	65,652	-5.8
Telephones in Service (March)	7,685	7,452	-3.0
Mitchell			
Building Permits	0	0	
Value of Postal Receipts	316,874	323,111	2.0
Value of Postal Money Orders	66,738	75,481	13.1
Telephones in Service (March)	7,713	7,623	- 1.2
Pierre			
Building Permits	55,000	260,000	372.7
Value of Postal Receipts	504,699	553,915	9.8
Value of Postal Money Orders	80,090	96,573	20.6
Telephones in Service (March)	6,996	6,970	- 0.4
Rapid City			
Advertising Lineage Index	197.1	200.5	1.7
Building Permits	292,511	357,372	22.2
Value of Postal Receipts	1,190,602	1,143,943	-4.0
Value of Postal Money Orders	301,409	296,307	-1.7
Telephones in Service (March)	34,747	34,884	0.4
Sioux Falls			
Advertising Lineage Index	184.6	156.5	-15.2
Building Permits	208,792	1,446,431	592.8
Value of Postal Receipts	4,732,092	5,153,048	8.9
Value of Postal Money Orders	266,427	283,420	6.4
Telephones in Service (March)	47,886	48,935	2.2
Watertown			
Building Permits	124,208	239,087	92.5
Value of Postal Receipts	811,217	334,377	-58.8
Value of Postal Money Orders	91,771	94,372	2.8
Telephones in Service (March)	9,056	8,965	- 1.0
Yankton			
Building Permits	42,000	0	
Value of Postal Receipts	978,086	630,848	-35.5
Value of Postal Money Orders	93,354	70,407	-24.6
Telephones in Service (March	7,021	7,022	0.0

*Effective with the first quarter of 1983, Northwestern Bell will be reporting the number of access lines (for both business and residence) to show activity in the state. Previously this table reported the number of Northwestern Bell telephones located in a business or residence but did not include customer-owned equipment.

PROSPECTIVE PLANTINGS
South Dakota - 1983
(Thousands of Acres)

	Acreage planted 1981	Acreage planted 1982	Intentions April 1983	1983 as % of 1982
All corn	3,400	3,300	2,300	70
All sorghum	600	480	400	83
Oats	2,250	2,450	2,300	94
Barley	650	560	620	111
Soybeans	780	840	900	107
Flaxseed	180	240	180	75
Durum Wheat	260	150	105	70
Other Spr. Wheat[1]	2,500	2,400	1,600	67
All sunflower	450	625	540	86
All hay[2]	4,310	4,350	4,300	99

1/ Other than durum.
2/ Harvested acreage.
Source: South Dakota Crop and Livestock Reporter

TELEPHONES IN SERVICE*
Selected Cities--South Dakota
March 1982 and 1983

City	March 1982	March 1983	% Change 1982/1983
Aberdeen	15,621	15,341	-1.8
Belle Fourche	2,652	2,600	-2.0
Canton	1,787	1,794	0.4
Chamberlain	1,511	1,533	1.5
Deadwood	1,793	1,796	0.2
DeSmet	951	947	-0.4
Elk Point	1,048	1,029	-1.8
Huron	7,685	7,452	-3.0
Lead	2,221	2,150	-3.2
Madison	3,898	3,844	-1.4
Milbank	2,833	2,866	1.2
Mitchell	7,713	7,623	-1.2
Mobridge	2,145	2,136	-0.4
Pierre	6,996	6,970	-0.4
Rapid City	34,747	34,884	0.4
Redfield	2,455	2,456	0.0
Sioux Falls	47,886	48,935	2.2
Sturgis	3,443	3,404	-1.1
Tyndall	897	905	0.9
Vermillion	4,543	4,391	-3.3
Watertown	9,056	8,965	-1.0
Webster	1,599	1,587	-0.8
Wessington Springs	1,000	1,012	1.2
Winner	2,608	2,601	-0.3
Yankton	7,021	7,022	0.0

*Effective with the first quarter of 1983, Northwestern Bell will be reporting the number of access lines (for both business and residence) to show activity in the state. Previously this table reported the number of Northwestern Bell telephones located in a business or residence but did not include customer-owned equipment.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
UNITED STATES
January-March 1983

Item	Jan.	Feb.	March	Unadjusted % Change Feb.-Mar. 1983
All Items	293.1	293.2	293.4	0.1
Food & beverages	280.7	281.6	283.2	0.6
Food	288.1	289.0	290.5	.5
Alcoholic beverages	211.6	213.3	215.1	.8
Housing	317.9	318.5	318.6	.03
Shelter	338.3	339.2	339.3	.03
Rent, residential	232.2	233.1	233.6	.2
Homeownership	100.7	100.9	100.9	0.0
Fuel & other utilities	365.4	364.6	363.8	-0.2
Fuels	463.5	461.5	459.7	-0.4
Fuel oil, coal & bottled gas	671.1	654.0	625.3	-4.4
Gas (piped) & electricity	413.5	414.5	418.0	0.8
Other util. & Pub. Services	210.1	210.9	211.4	0.2
Household furnishing & operation	235.8	236.7	237.6	0.4
Apparal & upkeep	191.0	192.0	194.5	1.3
Transportation	293.0	289.9	287.4	-0.9
Private transportation	288.4	285.2	282.7	-0.9
Public transportation	357.7	355.2	354.5	-0.2
Medical care	347.8	351.3	352.3	0.3
Entertainment	241.5	243.1	244.6	0.6
Other goods and services	279.9	281.6	281.9	0.1

Source: U.S. Dept. of Labor, Bureau of Labor Statistics

BUSINESS RESEARCH BUREAU
SCHOOL OF BUSINESS
THE UNIVERSITY OF SOUTH DAKOTA
VERMILLION, SOUTH DAKOTA 57069

HOURS AND EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
March 1982 and March 1983

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	March 1983	March 1982	March 1983	March 1982	March 1983	March 1982
South Dakota Statewide						
Manufacturing	299.95	297.51	40.1	42.2	7.48	7.05
Durable Goods	274.79	269.60	39.2	40.0	7.01	6.74
Nondurable Goods	321.88	324.72	40.9	44.3	7.87	7.33
Sioux Falls SMSA						
Manufacturing	364.05	385.14	45.0	49.0	8.09	7.86

*Average hours and earnings data are derived from reports of payrolls and hours for production and related workers.

Source: South Dakota Department of Labor, "Labor Bulletin."

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TOTAL PERSONAL INCOME
United States, Plains Region and States
Fourth Quarter 1981 through Fourth Quarter 1982
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1981	1982				% Change
	IV	I	II	III	IV	4th Qtr. '81 4th Qtr '82
United States	2,483,732	2,499,775	2,541,891	2,581,838	2,616,112	5.3
Plains States	182,075	180,954	183,135	185,965	188,873	3.7
Iowa	31,133	29,782	30,458	30,805	31,257	0.4
Kansas	26,557	27,311	27,262	27,643	28,038	5.6
Minnesota	45,325	45,135	45,331	45,851	46,891	3.5
Missouri	48,961	49,160	50,093	50,977	51,267	4.7
Nebraska	16,789	16,267	16,508	16,739	17,014	1.3
North Dakota	7,079	6,969	7,013	7,288	7,530	6.4
South Dakota	6,231	6,329	6,469	6,582	6,876	10.4

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
March 1982 and March 1983
(In Thousands)

	March 1983	March 1982	% Change
Total	224.4	226.5	-0.9
Mining	2.8	2.6	7.7
Construction	6.1	6.2	-1.6
Manufacturing	23.9	25.2	-5.2
Durable Goods	11.2	12.6	-11.1
Fabricated Metals & Machinery	7.1	8.4	-15.5
Nondurable Goods	12.7	12.6	.8
Food & Kindred Products	7.6	7.9	-3.8
Paper, Printing & Publishing	2.5	2.4	4.2
Transportation and Public Utilities	12.4	12.5	-.8
Transportation	7.0	6.9	1.4
Communication & Public Utilities	5.4	5.6	-3.6
Wholesale and Retail Trade	58.9	60.5	-2.6
Wholesale Trade	15.9	16.3	-2.5
Durable Goods	7.2	7.4	-2.7
Nondurable Goods	8.7	8.9	-2.2
Retail Trade	43.0	44.2	-2.7
Finance, Insurance and Real Estate	11.8	11.6	1.7
Services	50.9	50.6	0.6
Hotels, Amuse., Pers. & Business	12.1	12.4	-.8
Medical and Health	21.9	21.2	3.3
Educational, Membership & Social	14.1	14.4	-2.1
Government	57.6	57.3	.5
Federal	10.2	10.2	.0
State	16.0	15.8	1.3
State Education	8.2	8.1	1.2
Local	31.4	31.3	.3
Local Education	18.8	18.8	.0

Source: South Dakota Department of Labor, "Labor Bulletin."

TAXABLE RETAIL SALES
In Selected Cities
of South Dakota
(000's of Dollars)

	4th Qtr. 1982	4th Qtr. 1981	% Change 4th Qtr. 1982 from 4th Qtr. 1981	Year 1982	Year 1981	% Change 1982/1981
Aberdeen	54,163	53,947	.4	196,366	200,117	-1.9
Belle Fourche	7,733	7,912	-2.3	28,973	28,573	1.4
Brookings	25,838	24,207	6.7	90,253	86,141	4.8
Chamberlain	4,944	4,641	6.5	18,504	18,098	2.2
Dell Rapids	2,423	2,330	4.0	8,866	8,605	3.0
Huron	24,068	23,381	2.9	86,412	86,356	.1
Lead	5,010	6,559	-23.6	20,147	27,154	-25.8
Madison	9,601	9,229	4.0	35,952	35,315	1.8
Milbank	8,721	8,166	6.8	34,107	29,830	14.3
Mitchell	30,863	29,990	2.9	111,547	111,273	.2
Mobridge	7,229	7,009	3.1	26,475	25,003	5.9
Pierre	22,479	21,858	2.8	89,906	81,139	- .3
Rapid City	115,102	112,208	2.6	427,371	412,708	3.6
Sioux Falls	190,433	178,441	6.7	677,452	655,435	3.4
Vermillion	9,726	9,288	4.7	35,713	34,885	2.4
Watertown	37,075	35,779	3.6	133,985	129,694	3.3
Winner	9,406	8,343	12.7	31,800	30,203	5.3
Yankton	25,531	25,221	1.2	95,551	89,803	6.4
TOTALS	590,345	568,509	3.8	2,140,380	2,090,332	2.4

PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD -- SOUTH DAKOTA
MARCH 1982 & MARCH 1983

Commodity and Unit		Base Period Price 1910-1914 Average	March 1983	March 1982	1983 Price as % of Base	% Change 1983/ 1982
Wheat	Bu.	$ .85	$ 3.48	$ 3.55	409	- 2.0
Corn	Bu.	.51	2.53	2.35	496	7.7
Oats	Bu.	.35	1.41	1.93	403	-26.9
Barley	Bu.	.59	1.77	2.29	300	-22.7
Flaxseed	Bu.	1.68	4.69	6.84	279	-31.4
Milk, whsl.	Cwt.	1.82	NA	NA		
Eggs	Doz.	.196	NA	NA		
Cattle	Cwt.	5.24	61.00	60.40	1164	1.0
Calves	Cwt.	6.08	68.20	65.10	1122	4.8
Hogs	Cwt.	7.07	50.50	48.40	714	4.3
Sheep	Cwt.	4.24	21.00	19.60	495	7.1
Lambs	Cwt.	5.66	62.10	61.40	1097	1.1
Wool	Lb.	.178	.60	.79	337	-24.1

Source: South Dakota Crop and Livestock Reporter.

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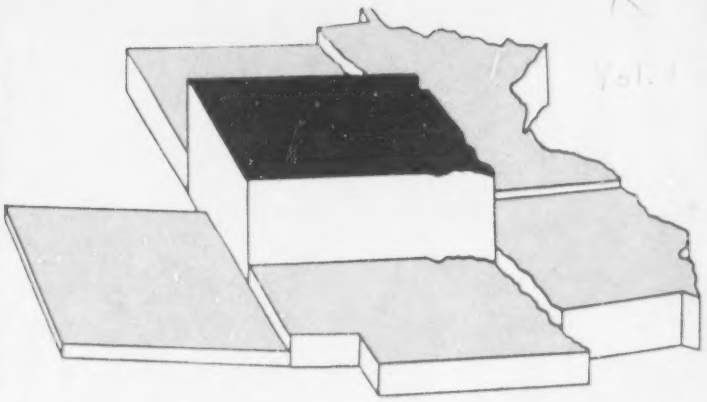

Published by the Business Research Bureau, University of South Dakota

General Indicators	Latest Quarter	SOUTH DAKOTA			UNITED STATES		
		Latest Quarter	Year Ago	Percent Change	Latest Quarter	Year Ago	Percent Change
Personal Income ($ Mil.)	1983-1	6,796	6,329	7.4	2,640,496	2,499,775	5.6
Farm Prop. Income ($ Mil.)	1983-1	586	480	22.1	18,259	17,342	5.3
Non-ag Employment (Thous.)	1983-2	234	233	0.4	89,426	89,938	-0.6
Unemployment Rate (%)	1983-2	5.5	5.4	1.9	10.0	9.4	6.4
Retail Sales ($ Mil.)[1]	1983-1	856	816	4.9	292,992	267,884	9.4

[1] For South Dakota, sales subject to sales and use tax.

Note: All U.S. data seasonally adjusted except for the unemployment rate. For South Dakota data only personal income and farm proprietors' income are seasonally adjusted

TAX EXPORTING AND IMPORTING

by Raymond Ring

Most measures of the burdens of state and local taxes (e.g., taxes per capita, taxes per $1,000 personal income) rest on the implicit assumption that all taxes levied by a state's governments are paid by that state's residents. In fact, however, some of South Dakota's taxes (indeed some part of every state's taxes) are exported, i.e., paid by residents of other states. Conversely, some taxes levied by other governments are imported--paid by South Dakotans.

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How are taxes exported?

If a business or corporation is able to recoup its taxes by raising its prices--i.e., if it can maintain after-tax profits by shifting the tax onto customers--then the tax is exported to the extent that the customers live outside the state. This form of "geographic exporting" is most obvious with the sales tax, but occurs when any tax (e.g., property tax or business franchise tax) is shifted forward onto customers. Tourism provides one opportunity for tax exporting. Nevada, for example, probably has the hightest tax exporting rate in the nation. Taxation of some types of energy resources provides another important opportunity. Producers of some forms of energy (e.g., coal) do not face as much competition as producers of consumer goods produced throughout the nation. In addition, pass-through provisions make it easier for regulated utilities to shift energy taxes onto their customers.

Geographic exporting may occur even when a business can't shift a tax onto customers. If the owners of the business must absorb the tax in the form of lower incomes (profits, interest, dividends, and rents), then

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(Continued from page 1)

the tax is exported to the extent that the owners live outside the state. For example, most stockholders of a large multistate corporation with a factory in South Dakota live outside the state. If that corporation must absorb the property tax levied on that factory, then most of the burden is exported to stockholders as lower dividends.

Another form of tax exporting is the Federal tax offset. When a state or local tax payment is deducted from Federal taxable income (whether personal or corporate), then Federal tax liability is reduced by the amount of the deduction times the taxpayer's marginal tax rate--part of the tax has been exported to the Federal government. This form of exporting occurs with property, sales, and state personal income taxes included in itemized deductions, and with any taxes that are part of an individual's or a corporation's business expenses, such as sales tax paid on a piece of equipment or property tax on a store. Most corporations' taxable incomes exceed $100,000, so their marginal tax rate is the 46% top rate. Thus, most corporations export 46% of their state and local taxes to the Federal government. The percentage exported by sole proprietors, partners, and wage earners depends on each individual's Federal marginal tax rate.

A secondary form of Federal tax offset occurs when taxes are borne by business owners in the form of lower incomes. If incomes (such as proprietors' profits or corporate dividends) are lower because of state and local taxes, taxable incomes are lower and thus so are Federal tax liabilities.

(Continued on Page 4)

TREND OF BUSINESS

National Economy

The U.S. economy steamed ahead with a remarkable 8.7 percent increase in real GNP for the second quarter of 1983. It is expected that third quarter real GNP figures will increase at similar rates. Beyond that depends to a great extent on the Federal Reserve's conduct of monetary policy. Money growth has been at a very rapid pace over the last year which is the major reason for the recovery that we are now experiencing. However, money growth rates cannot continue at recent rates without risking another bout with double digit inflation by 1985. Therefore, the Federal Reserve has the difficult task of trying to return money growth to more non-inflationary levels without causing the recovery to stall. It appears that, at present, the Federal Reserve is trying to restrain money growth a bit which will slow the growth rate in the economy in the fourth quarter and early 1984. Hopefully, this can be done without a return to a recessionary economy.

South Dakota Economy

Growth was experienced in several of the indicators of business activity maintained by the Business Research Bureau. On a seasonally adjusted basis South Dakota taxable retail sales rose almost 4 percent in the first quarter of 1983 compared to the previous quarter.

Seasonally adjusted second quarter figures for new car sales increased 5.3 percent from the first quarter of this year while sales of new trucks for this period rose 3.4 percent. Compared to a year ago car sales were up more than 28 percent. U.S. new car sales continued strong into July 1983--up more than 31 percent from last year. It appears that vehicle sales are continuing their recovery from the low sales levels of last year.

South Dakota's real personal income fell slightly due to declines in farm income. Seasonally adjusted data dropped 1.3 percent in the first quarter of 1983 compared to the previous quarter, but increased 3.2 percent from a year ago.

Farm proprietors' income in South Dakota declined 22.4 percent in the first quarter of 1983 compared to the previous quarter. Some improvement from last year was evident in the 17.4 percent increase in South Dakota's farm proprietors' income.

The employment sector showed some improvement in South Dakota in the second quarter of 1983 compared to the previous quarter. The unemployment rate dropped from a first quarter figure of 6.2 percent to 5.3 percent in the second quarter of 1983, still well below the national unemployment rate of 10.0 percent for this same period.

On a seasonally adjusted basis, construction employment declined slightly by 1.6 percent in the second quarter of 1983 compared to the first quarter.

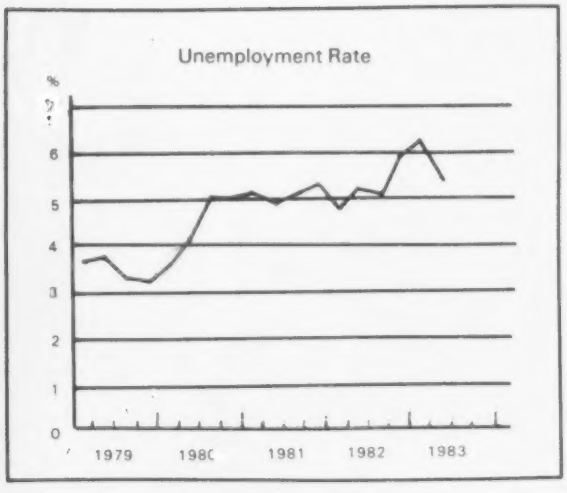
The following table presents comparisons of the economic indicators for South Dakota.

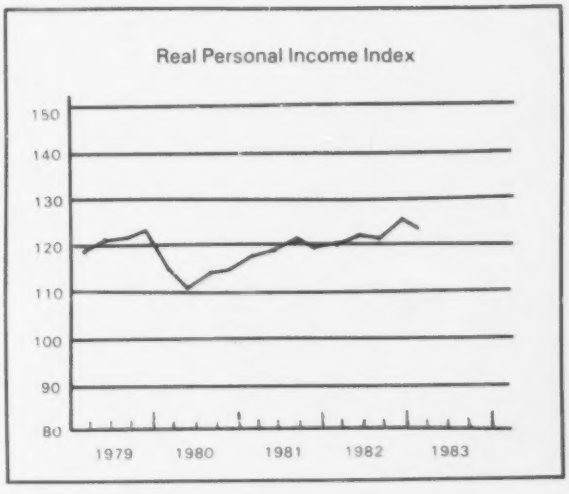
South Dakota Business Indices
1982-1983, Quarterly
Seasonally Adjusted
(1972 = 100)

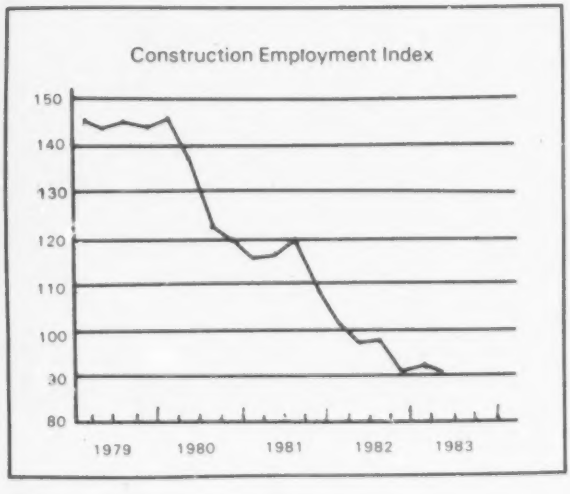
	1982				1983	
	1	2	3	4	1	2
Personal Income	120.0	121.5	121.4	125.5	123.9	
Farm Prop. Income	47.1	49.0	51.1	71.3	55.3	
Taxable Retail Sales	117.4	118.7	117.4	115.8	120.3	
Unemployment Rate (%)	4.8	5.2	5.1	6.0	6.2	5.3
Construction Employment	101.2	97.5	97.7	90.4	92.2	90.7
New Cars	66.6	59.2	59.9	70.2	72.2	76.0
New Trucks	56.1	59.1	54.6	67.0	68.5	70.8

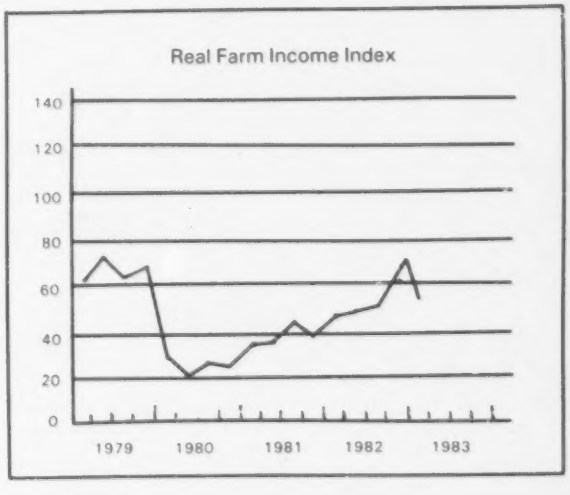
SOUTH DAKOTA BUSINESS & ECONOMIC INDICES

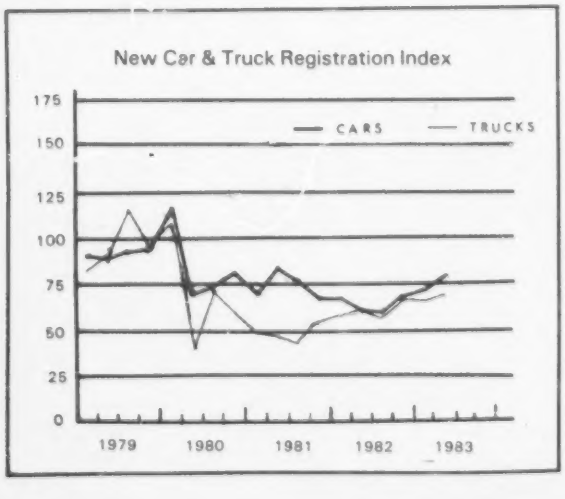
Quarterly Data 1979-1983
Adjusted for Seasonal Variation

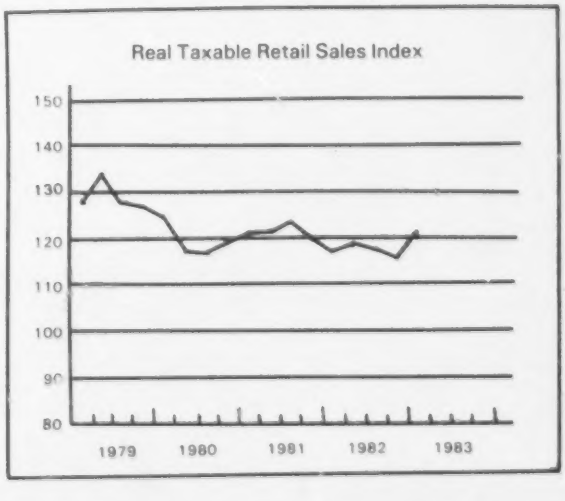












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How much tax exporting actually occurs?

The most recent extensive study of tax exporting was carried out for fiscal year 1976 by Donald Phares.[1] The results for South Dakota and surrounding states are shown in Table 1. (Estimates of tax exports necessarily depend on data availability and general assumptions (e.g., about tax incidence) that are reasonable but by no means obviously true or immune to challenge. Thus, the data in Table 1 should be looked upon as general, relatively reliable guides, but not as precise figures.) Montana, North Dakota, and Wyoming owe their relatively high (for this region) export rates to their large endowments of energy-related resources. Being the most industrialized state in the region, Minnesota sells more of its output to other states and thus has a greater opportunity for geographic exporting. It may also be that a larger share of Minnesota's productive capacity is owned by large multistate corporations with more diverse stockownership. Because of its heavy reliance on the corporate income tax, Minnesota also exports a larger proportion of its total tax revenues through offsets against the Federal corporate income tax. Nebraska and South Dakota have lower export rates because they are not highly industrialized, are not endowed with large supplies of energy minerals, and have chosen tax structures that take less advantage of the Federal offset. The last factor (low Federal offset) is probably especially important in explaining why South Dakota has the lowest export rate in the nation.

[1]Donald Phares, **Who Pays State and Local Taxes?** (Cambridge, Mass.: Oelgeschlager, Gunn and Hain, Publishers, Inc., 1980), Ch. 4.

How much tax importing actually occurs?

Each state's residents also import taxes from other states. As Table 1 shows, South Dakota's import rate is about equal to the national average, but high compared to other states in the region. When residents of one state work and pay individual income taxes in an adjacent state, and both states have an individual income tax, a credit is usually allowed for income taxes paid to one of the states. Because South Dakota has no individual income tax (and therefore no credits against other states' income taxes), South Dakotans working in surrounding states are importing those states' individual income taxes. This probably helps explain the state's regionally high import rate.

In the study being reported here, the Federal offset is included in the export rates but not in the import rates, so the net export rates (export rates minus import rates) are expected to be positive for the nation as a whole and for most (if not all) states. Of the 50 states, South Dakota, because of its very low export rate, is the only net importer of taxes.

Summary

Some state and local taxes--including South Dakota's--are exported to residents of other states or to the Federal government. Conversely, South Dakota residents import taxes from other states. A study of tax exporting and importing found that South Dakota exports a smaller percentage of its taxes than does any other state in the nation. Its import rate is about equal to the national average, but quite low compared to most other states in the region. South Dakota's net rate (export rate minus import rate) also places the state last among the 50 states. These findings indicate that the usual measures of state and local tax burdens may somewhat overstate the relative tax advantages of living in South Dakota.

TABLE 1
Tax Exporting,
South Dakota and Surrounding States

	Export Rate				Import Rate	Net Rate	Nat'l. Rank
	Geographic	Fed'l. Offset	Total	Nat'l. Rank			
U.S.	8.5	8.6	17.0	--	8.5	8.6	--
SD	4.8	2.9	7.7	50	8.3	-0.6	50
Iowa	5.7	7.3	13.0	41	7.8	5.2	32
Minnesota	7.7	11.0	18.8	8	6.8	12.0	6
Montana	9.0	6.0	15.0	27	7.6	7.4	20
Nebraska	5.2	5.5	10.8	48	8.4	2.4	47
ND	7.4	6.2	13.7	38	7.6	6.1	29
Wyoming	11.9	2.0	13.9	36	7.2	6.7	23

Components may not sum to totals because of rounding.
Source: Donald Phares, Who Pays State and Local Taxes? (Cambridge, Mass.: Oelgeschlager, Gunn and Hain, Publishers, Inc., 1980), pp. 74-75.

BANKING CHANGES

by Robert Johnson

Radical change is frightening because of our inability to forecast accurately the ramifications of the new course. The alternative to change is stagnation and that, too, may be unpleasant. The banking industry is in the process of radical change. At this point, we can only speculate as to whether the changes will strengthen or weaken the banking industry and whether our financial system will be improved or damaged.

About the author: Dr. Robert L. Johnson is Professor of Finance at the School of Business, University of South Dakota, Vermillion, South Dakota.

The changes which have taken place and which are in the process of evolving are too numerous to discuss in detail in a short paper such as this. Basically, the changes can be placed in two main categories. First, the lines which distinquished the various types of financial institutions from one another are disappearing. Functions which had been the exclusive province of banks are now performed by savings institutions, money market funds, brokerage firms, and even by Sears Roebuck. Banks are also moving into non banking areas such as discount brokerage, and the possibility exists that they may enter other fields such as insurance and insurance and securities underwriting.

The other area of major change can be labeled interest rate freedom. Many restrictions on interest rates have already been removed and all interest rate ceilings on deposit accounts will be phased out

soon. In a sense, this second area of major change may have been brought about by the entry into bank type activity by other institutions. To slow or reverse the flow of savings from banks to other institutions such as money market funds, banks are being allowed to compete pricewise.

Historical Perspective

In 1933, some four thousand banks failed. Out of this catastrophe, came important changes in the structure of banking. Most important were federal deposit insurance which from underwriting securities became operative on January 1, 1934, the Glass Steagal Act which prohibits banks and the Banking Acts of 1933 and 1935 which prohibited the payment of interest on demand accounts and, through Regulation Q allowed the Board of Governors to set maximum interest rates on savings accounts. A few years later, the Bank Holding Company Act limited companies which own banks to activities closely related to banks as judged by the Federal Reserve System. The reforms, together with more prudent banking, worked. From 1934 through 1940, there were only about 300 bank suspensions and, in recent years the number has averaged about ten a year.

Perhaps the beginning of the changes now taking place in banking can be traced to 1961 when negotiable certificates of deposit and the secondary market for these instruments was born. This innovation enabled banks to secure deposits in the capital markets. Of course, this meant that banks had to compete by offering interest rates comparable to those available in other money market instruments such as Treasury Bills.

During the 1950's, banks did not need to compete with other financial intermediaries nor with money market instruments for funds. Bank management then consisted almost entirely of asset management; the necessity of liability management came later. This was because, up until the early 1960's, there was excess liquidity in the banking system. Demand deposits, together with some low interest savings accounts, provided more than enough capital to supply the funds to meet the loan demand. When this situation began to change in the early 1960's, banks began to compete for funds in the money market by offering the negotiable certificates of deposit.

The changing nature of banking can be summarized by two ratios: demand deposits to total deposits and the loan to deposit ratio. These are given on selected dates for the total U.S. banks below.

Demand Deposits to Total Deposits and Loan to Deposit Ratios

	1955	1960	1970	1980
Demand Deposits to Total Deposits	73.8%	68.0%	51.3%	36.3%
Loans to Deposits	43.7	52.3	61.9	70.5

Source: Federal Deposit Insurance Corp., Assets & Liabilities: Commercial and Mutual Savings Banks, Annual Reports.

Increasing loan demand was the force which pushed banks into devising new instruments designed to increase their share of the savings dollar. The change from dominance of non-interest bearing demand deposits to heavy reliance on interest bearing deposits has been dramatic. The entry of banks into large denomination certificates of deposit was a major change in the way in which banks compete for funds.

Until recently, banks were the only financial institution which offered a check writing service. Since there was no competition from other institutions, all of the transaction type balances remained in banks even though no interest was paid on these deposits.

As interest rates rose dramatically during the 1970's, businesses and individuals began to practice better cash management. Non-interest bearing transaction balances were more closely controlled. Then, in the mid 1970's a new type of institution was formed. This is the money market fund. These funds invest in money market securities, including the negotiable certificates of deposit issued by banks. After deducting management fees and expenses, the interest earnings are divided among the fund shareholders. Since money may be withdrawn from money market funds through checks, an institutin was developed which paid interest on funds which could be used for transaction purposes. Banks at that time could not compete on the basis of price since interest on bank demand deposits was prohibited. Partly because of convenience and other services offered, banks were never in danger of losing the entire transaction account market, but certainly the inability to pay interest when another institution was not so restricted, eroded the demand deposit as a source of funds for banks. This forced them to rely more heavily on the money market instruments such as their large denomination certificates which were purchased in large volume by their competition, the money market funds.

Regulation Q restricted the interest rate that banks could pay on savings type accounts including the large denomination negotiable certificates. Predictably, as interest rates rose above Regulation Q limits, funds were transferred from banks to money market instruments. This caused liquidity problems for banks in 1966, 1969 and 1974. In 1970 Regulation Q was suspended on large CD's of less than 90 day maturities and in 1973, the ceiling was lifted on all negotiable CD's.

In summary and oversimplifying, banks began to compete for money market type funds in the early 1960's. With rising interest rates, individuals and businesses became more concerned with cash management. Interest could not be paid on demand deposits, but, with a little intuition a way around the restriction was found; the money market funds were created. To ease recurring bank liquidity crises, Regulation Q was lifted on the negotiable CD's. Major changes took place in the system without legislative change. Banks no longer were the only institution which offered check writing services. Banks could no longer rely on non-interest bearing demand deposits or low interest savings accounts for the majority of their funds. Instead, banks were forced to compete on the basis of interest rates in the money markets. The process which has brought us toward blurring of the distinctions between banks and other financial institutions and to interest rate freedom, has been evolutionary.

New Legislation

Major legislation was passed in 1980 and 1982 which is having a profound effect on banking and our financial system in general. This legislation is the Depository Institutions Deregulation and

Monetary Control Act of 1980 (HR4986) and Garn-St. Germain Depository Institutions Act of 1982 (HR6267). There are many features of this legislation some of which will be summarized here. It is well to remember that the impetus for this legislation was the evolution which had been taking place in our financial institutions.

HR4986 contains provisions which, as phased in over a period of years, will remove many of the regulatory distinctions among financial institutions. Reserve requirements will be equalized for depository institutions which are eligible for federal insurance including commercial, savings and loan associations and credit unions. All of these depository institutions will provide uniform data to the Federal Reserve and will have equal access to the Federal Reserve's services. These provisions strengthen monetary control and equalize the cost among depository institutions.

HR4986 also provides for the phase-out of deposit interest rate ceilings and the nationwide authorization of NOW accounts which are demand deposits which pay interest. A provision of the act also overrides state usury laws which may be charged on certain specified types of loans.

The Garn-St. Germain Depository Institutions Act of 1982, among other provisions, mandated the phase-out of interest differentials on maximum rates among depository institutions by 1984, authorized the money market accounts which became available in December 1982 and authorized mutual savings banks and savings and loan associations to have more commercial and consumer loans.

In summary, these two pieces of legislation helped to blur the distinctions among financial institutions and, as phased in, will eliminate interest rate ceilings.

Implications for the Future

The easing of restrictions should eventually lead to a system which is more fair and more efficient. In the past, there was discrimination against the small saver who was virtually restricted to low rate passbook accounts. In general, restrictions led to inefficiencies. The new system should provide the mechanism for the free flow of capital toward its most productive use. Given competition, institutions will have to become cost efficient in order to survive.

Banks, as well as other financial institutions are becoming free to buy money at whatever price is dictated by the market. On the positive side, this should eliminate the danger of a depository liquidity crisis brought on by disintermediation. However, how banks will cope with the increased cost of loanable funds is not clear. As with any business, survival is accomplished by covering costs. To cover their costs of operation, banks will probably have to unbundle the charges for their services. That is, charges tied to costs will have to be developed for services which previously were offered without specific charge to depositors. The structure of cost recovery will change, perhaps to the dismay of certain bank customers who had been subsidized, perhaps unknowingly.

Banks which do not act to make specific charges for their services and to control their costs will not be able to compete. Controlling costs may be more difficult for smaller banks. This may result in some bank consolidation and fewer banking units. Of course, many of the smaller banks will retain a competitive advantage due to location and a perception of better service.

The trend toward financial supermarkets will probably continue to develop. It seems likely that as other institutions continue to invade the banking business, banks will be given more freedom to enter other areas. Similar to retailing, there will continue to be specialty shops which specialize in one or a few services but there will also be "department stores" which offer virturally the entire array of financial services. The same institution will over deposit accounts which pay interest rates competitive with short-term securities, longer-term savings accounts, stock and bond brokerage services, mutual funds, insurance and real estate services, personal financial advice, securities underwriting, money management, and many other financial services. Some of these institutions will have evolved from banks but others will have non-banking origins. Since non-banking institutions are making inroads into banking, it seems logical to assume that banks will be given greater freedom to participate in other businesses. Since other businesses such as brokerage firms and Sears Roebuck which are beginning to provide banking services are nationwide in scope, it appears likely that the traditional restrictions against banks crossing state lines will be relaxed.

Coincident with the evolutionary and legislative changes have been the technological changes. The possibility of a checkless society has been talked about for several years. Although we seem to be moving more slowly in this direction than forecast a few years ago, it seems likely that the trend toward electronic banking will continue. Automatic teller machines are already popular. Technology exists for automated clearing houses, direct payroll crediting and bill paying, debit cards and point of sale terminals. Home banking is now being done on a trial basis and may become commonplace within the next decade. These innovations will reduce costs making our system more efficient. They will also more closely tie together our financial system, further blur the lines of distinction among institutions, and reduce float. Smaller banks may find it difficult to compete within this system. The trend toward less personalized banking services will continue.

Of utmost importance is the safety of our financial system. The new system should decrease the fear of liquidity crises due to disintermediation and should provide a better system of monetary control. However, there are new fears. We have already seen instances of electronic espionage. Losses in any one area of a financial supermarket could deplete the organization's capital base and cause failure. The banks which either do not find a niche in which they can compete effectively or do not adapt to the new system will be in trouble.

Certainly the next several years will be interesting. The challenges facing bank management are unique. Some will not be able to cope with the challenge. We probably will emerge with a stronger, more efficient financial system but, it will be amazing if there are not several casualties along the way.

THE STATE DATA CENTER NETWORK: A DEMOGRAPHIC AND ECONOMIC INFORMATION RESOURCE

by Karen Bihlmeyer

The South Dakota State Data Center was born with an agreement between the state of South Dakota and the United States Bureau of the Census to develop a state system of affiliates to facilitate the dissemination of summary data and microdata from the 1980 Census of Population and Housing. Besides the 1980 census data, the network houses a library of economic and demographic data from other sources. A partial list includes: Census of Agriculture, Census of Retail Trade, Census of Wholesale Trade, Census of Service Industries, Census of Transportation, Census of Governments, County Business Patterns, Current Survey of Population and much more. Many of the Councils of Governments, Universities and other participating members offer analytical services, research and data processing as well.

The Business Research Bureau was designated the lead agency of the South Dakota State Data Center Program. We are responsible for organizing and coordinating the state network. The network consists of advisory council members, consortium members, and affiliate members (See Figure 1). The first contact for most data users should be their local agency that is a member of the State Data Center network.

The primary purpose of the network system is to make the 1980 census data more available to users. The 1980 Census of Population and Housing consists of summary data and microdata. Summary data contains aggregate information for defined areas. Areas range in size from the state as a whole to as small as a city block. Public-use microdata samples are computer tapes which contain records for a sample of housing units with information on the characteristics of each unit and the people in it. This allows data users to tabulate whatever they may desire.

About the author: Karen J. Bihlmeyer is a Research Analyst at the Business Research Bureau and Director of the South Dakota State Data Center, University of South Dakota, Vermillion, South Dakota.

Figure 1
State Data Center Network Members

Business Research Bureau
School of Business
University of South Dakota
Vermillion, So. Dak. 57069
Karen Bihlmeyer
605/677-5287

State Planning Bureau
South Dakota Department of Executive Management
State Capitol Building
Pierre, So. Dak. 57501
Tony Merry, Commissioner
605/773-3661

Rural Sociology Department
South Dakota State Univ.
Scobey Hall, 226
Brookings, So. Dak. 57007
Dr. Marvin P. Riley
Dr. James L. Satterlee
605/688-4132

South Dakota State Library
Department of Education and Cultural Affairs
800 N. Illinois Ave.
Pierre, So. Dak. 57501
Rose Oniewski, Documents Department
605/773-3131

Research & Statistics Unit
South Dakota Department of Labor
607 N. 4th Street
Aberdeen, So. Dak. 57401
Mary Susan Vickers
605/622-2314

South Dakota Department of Health
Vital Records Program
Foss Building
Pierre, So. Dak. 57501
William D. Johnson
605/773-3355

First Planning & Development District
124 First Ave., NE
P.O. Box 1207
Watertown, So. Dak. 57201
William Folkerts, Director
605/886-7224

Southeastern Council of Government
112 East 13th
Box 1859
Sioux Falls, So. Dak. 57117
Dean Neilson, Exec. Director
605/339-6515

Planning & Development District III
Yankton County Courthouse
P.O. Box 687
Yankton, So. Dak. 57078
Brian Hisel, Director
605/665-4408

Northeast Council of Government
405 Eighth Ave., NW
Suite 201
Aberdeen, So. Dak. 57401
Paul Hildebrandt, Director
605/229-4740

Fifth District Planning & Development Commission
365 ½ S. Pierre
P.O. Box 640
Pierre, So. Dak. 57501
Dennis Potter, Director
605/224-1623

Sixth District Council of Local Government
306 East St. Joe
P.O. Box 1586
Rapid City, So. Dak. 57709
Van Lindquist, Exec. Director
605/394-2681

Office of Mgmt. Information
Department of Social Service
Kneip Building
Pierre, So. Dak. 57501
Charles Sisk
605/773-3226

South Dakota Retailers Association
P.O. Box 638
Pierre, So. Dak. 57501
Dean Randall, President
605/224-5050

Mundt Library
Dakota State College
Madison, So. Dak. 57042
Jay Paulukonis, Director
605/256-3551, Ext. 227

Library Learning Center
Black Hills State College
Spearfish, So. Dak. 57783
Dr. W. Edwin Erickson, Director
605/642-6833

Planning Departments
City of Sioux Falls
224 W. 9th
Sioux Falls, So. Dak. 57102
Tom Jacobson
605/339-7133

United Sioux Tribes of South Dakota Dev. Corp.
P.O. Box 1193
Pierre, So. Dak. 57501
Clarence W. Skye, Exec. Director
605/224-2294

Learning Center
Northern State College
Aberdeen, So. Dak. 57401
Dr. Elizabeth McNeer, Director
605/622-2645

Some questions in the 1980 census were asked of everyone (complete-count data), while others were asked only of those who received the long-form questionnaire (sample data). Figure 2 illustrates the types of data available and the basis upon which it was collected.

A one-in-six random sample was given the long-form census questionnaire, except in localities of less than 5,000 population where a one-in-two sample was taken.

Summary data is available in computer tape, microfiche and printed material. Tape contains more detail than microfiche and printed reports. There are five data files known as Summary Tape Files (STF's). STF1 and STF2 contain only complete-count data items. STF's 3, 4, and 5 contain both complete-count and sample data items. The Summary Tape Files are further divided into A, B, C, D, and F files (for example, STF1A, STF1B, STF1C . . . .). Each file

contains a different hierarchy of geographical areas. Listed in Figure 3 is the geographical hierarchy of STF1A.

Microdata files are available only in computer tape form. To ensure confidentiality, all identifying data has been eliminated before it was made available to the public.

There are several series of maps for the 1980 census, including county maps, place maps, census tract outline maps, urbanized area outline maps, and the Metropolitan Map Series. These maps show boundaries as of January 1, 1980. Often numbers have no meaning until you are able to visualize where they are coming from.

Summary data have many uses. Local governments use it to determine their share of certain kinds of federal and state funds. Summary demographic and economic data are used when targeting a population for a new product or a new store. Manufacturing firms may look at the number of persons between the ages of 18 and 65 to determine if there is a potential labor force in the areas they are looking to expand into. Companies such as utilities and newspapers may determine their market penetration by comparing their number of customers to the number of households. For each summary file there is a corresponding printed report and/or microfiche. Like everyone else, the Census Bureau has caused the reduction of printed publications.

Figure 2
Complete-count and Sample Data Items

POPULATION	HOUSING
Complete-count:	
Sex	Number of units at address
Race	Complete plumbing facilities
Age	Number of Rooms
Marital status	Tenure (owned or rented)
Spanish origin	Vacancy status
Household relationship	Value for noncondominiums
Sample:	
School enrollment	Rent
Years of school completed	Units in structure
Nativity and place of birth	Stories in structure and presence of passenger elevator
Language spoken at home and ability to speak English	Year structure built
Ancestry	Year householder moved into unit
Residence in 1975	Source of water
Labor force status in 1979	Farm residence
Veteran status and period of service	Sewage disposal
Work disability status	House heating fuel
Transportation disability status	Water heating fuel
Children ever born	Cooking fuel
Labor force status	Kitchen facilities
Place of work	Number of bedrooms
Travel time to work	Number of bathrooms
Means of transportation to work	Heating equipment
Private vehicle occupancy (carpool arrangements)	Air conditioning
Industry	Number of vehicles available (automobiles, vans, and light trucks)
Occupation	Selected monthly owner costs (sum of payments for real estate taxes, property insurance, utilities, and regular mortgage payments)
Class of worker	Telephone in housing unit
Number of weeks worked in 1979	
Usual hours worked per week in 1979	
Number of weeks unemployed in 1979	
Income in 1979	
Income type in 1979	
Poverty status in 1979	

Combining the 1970 Census of Population and Housing with the 1980 census permits the calculation of growth rates (or decline). By adding economic data you can construct a profile of the area you are studying.

Figure 3
Geographical Hierarchy of STF1A
State
County
Minor Civil Division (township)
Places (cities and towns)
Census tracts and block numbering areas
Block groups and enumeration districts

In conclusion, the South Dakota State Data Center network has been in place for two years. Much of the 1980 Census of Population and Housing has been released by the Bureau of the Census and is available to anyone requesting it. We are looking forward to helping you with your data needs.

Editor's Note:

On July 1, 1983, Dr. William H. Bergman assumed his new duties as Professor of Health Administration in the School of Business. For twenty years he served as Research Associate, Assistant Director, and Associate Director in the Business Research Bureau. In addition, since 1981 he served as the first Director of the State Data Center.

As a dedicated and capable member of the Business Research Bureau he contributed in excess of thirty articles and publications. Included were articles on the South Dakota economy, manpower, vocational education, and a variety of articles related to the medical field. In addition, Dr. Bergman has appeared before many local and national groups discussing manpower and health needs, vocational education, tourism and the South Dakota economy. He served on the Governor's Task Force on Population and the Advisory Council on Tourism as well as being a member of the Health Manpower Planning and Linkage Project Task Force.

Though assuming a new challenge in the School of Business he will continue to be available as a valuable resource to the Bureau and the State. As a leader in manpower studies in South Dakota he will continue to be in demand. The staff of the Business Research Bureau wish him the best of luck in his new endeavor.

GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Quarter 1982 and First Quarter 1983
($000's)

*Dollar Amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

REGION I	1st Qtr. 1982	1st Qtr. 1983	% Change 1st Qtr. 1983/1982
Brookings	40,280	46,385	15.2
Brookings	34,302	41,052	19.7
Elkton	1,197	1,066	-11.0
Volga	1,472	1,429	-2.9
Clark	5,530	4,912	-11.2
Clark	3,884	3,258	-16.1
Codington	61,068	62,715	2.7
Watertown	58,919	60,628	2.9
Deuel	6,291	5,455	-13.3
Clear Lake	3,932	3,662	-6.9
Gary	425	308	-27.5
Grant	17,744	17,191	-3.1
Big Stone	840	482	-42.6
Milbank	15,275	15,066	-1.4
Hamlin	5,881	5,882	0.0
Bryant	1,055	1,153	9.3
Castlewood	1,008	811	-19.5
Estelline	1,404	1,206	-14.2
Hayti	1,030	1,032	.2
Kingsbury	12,280	11,607	-5.5
Arlington	3,823	3,895	1.9
DeSmet	3,086	3,247	5.2
Lake Preston	1,613	1,197	-25.8
Lake	18,297	21,205	15.9
Madison	16,224	19,601	20.8
Miner	4,767	4,963	4.1
Howard	3,573	3,592	.5
Moody	11,645	12,943	11.1
Colman	6,382	8,766	37.4
Flandreau	4,150	3,552	-14.4
TOTAL	183,783	193,258	5.2

REGION II			
Clay	16,519	17,319	4.8
Vermillion	15,125	15,867	4.9
Lincoln	15,956	16,903	5.9
Canton	8,976	8,478	-5.5
Hudson	825	981	18.9
Lennox	2,155	2,120	-1.6
McCook	11,660	12,161	4.3
Bridgewater	3,068	1,796	-41.4
Canistota	879	864	-1.7
Salem	5,965	7,042	18.1
Spencer	910	1,305	43.5
Minnehaha	384,625	409,256	6.4
Brandon	1,463	1,577	7.8
Colton	2,486	2,714	9.2
Dell Rapids	4,604	4,714	2.4
Garretson	2,670	2,816	5.5
Hartford	1,746	2,152	23.2
Sioux Falls	351,287	370,114	5.4
Turner	16,727	15,537	-7.1
Centerville	1,348	1,326	-1.6
Marion	3,721	5,770	55.1
Parker	4,515	3,819	-15.4
Viborg	1,624	1,978	21.8
Union	24,884	21,505	-13.6
Alcester	3,982	3,653	-8.3
Beresford	5,944	6,160	3.6
Elk Point	3,153	3,049	-3.3
N. Sioux City	10,690	7,386	-30.9
TOTAL	470,372	492,681	4.7

REGION III	1st Qtr. 1982	1st Qtr. 1983	% Change 1st Qtr. 1983/1982
Aurora	4,510	4,835	7.2
Plankinton	2,167	2,194	1.2
Bon Homme	12,483	12,756	2.2
Avon	2,470	2,858	15.7
Scotland	3,008	2,729	-9.3
Springfield	1,825	1,834	.5
Tyndall	3,849	3,965	3.0
Tabor	1,310	1,317	.6
Brule	12,551	13,433	7.0
Chamberlain	9,109	10,372	13.9
Kimball	2,959	2,592	-12.4
Charles Mix	15,454	16,314	5.6
Geddes	1,281	1,312	2.4
Lake Andes	1,967	2,071	5.3
Platte	5,095	5,478	7.5
Wagner	6,719	6,996	4.1
Davison	56,901	59,441	4.5
Mitchell	53,176	56,283	5.8
Douglas	7,376	6,587	-10.7
Armour	2,430	2,437	.3
Corsica	4,242	3,525	-16.9
Gregory	12,076	11,060	-8.4
Burke	1,920	2,009	4.6
Gregory	5,318	5,294	-.5
Hanson	6,109	6,381	4.5
Alexandria	4,304	4,894	13.7
Emery	1,052	670	-36.3
Hutchinson	21,874	22,958	5.0
Freeman	9,994	10,939	9.5
Menno	2,407	2,148	-10.8
Parkston	6,030	6,292	4.3
Tripp	1,740	1,788	2.7
Jerauld	6,764	8,122	20.1
Wess. Sprgs.	5,446	6,571	20.7
Sanborn	4,842	5,084	5.0
Woonsocket	3,811	3,812	0.0
Yankton	66,076	65,792	-.4
Yankton	62,859	62,265	-.9
TOTAL	227,017	232,763	2.5

REGION IV			
Beadle	44,744	42,354	-5.3
Huron	41,036	37,753	-8.0
Brown	99,662	102,032	2.4
Aberdeen	91,060	94,303	3.6
Groton	4,115	3,874	-5.9
Day	12,458	13,064	4.9
Bristol	1,059	1,237	16.9
Waubay	536	800	49.3
Webster	9,009	9,135	1.4
Edmunds	8,495	8,319	-2.1
Bowdle	1,905	1,943	2.0
Hosmer	549	540	-1.7
Ipswich	4,303	4,049	-5.9
Roscoe	1,110	935	-15.8
Faulk	3,601	3,670	1.9
Faulkton	1,697	1,636	-3.6
Hand	7,381	7,320	-.8
Miller	6,674	6,375	-4.5
Marshall	8,049	7,274	-9.6
Britton	5,174	4,382	-15.3
McPherson	5,010	4,804	-4.1
Eureka	3,558	3,454	-2.9
Leola	1,261	1,196	-5.2
Roberts	12,419	11,834	-4.7
Sisseton	6,710	6,485	-3.4
Wilmot	1,707	1,820	6.6
Spink	10,142	10,164	.2
Doland	467	496	6.2
Redfield	7,514	7,409	-1.4
TOTAL	211,962	210,835	-.5

REGION V	1st Qtr. 1982	1st Qtr. 1983	% Change 1st Qtr. 1983/1982
Buffalo	271	210	-22.4
Campbell	2,418	2,704	11.8
Herreid	1,623	1,829	12.7
Pollock	585	665	13.7
Corson	2,991	2,982	-.3
McIntosh	630	644	2.2
McLaughlin	1,624	1,698	4.6
Dewey	5,271	5,325	1.0
Eagle Butte	2,690	2,784	3.5
Isabel	813	732	-10.0
Timber Lake	1,396	1,416	1.5
Haakon	8,164	7,253	-11.2
Philip	7,361	6,757	-8.2
Hughes	29,815	33,256	11.5
Pierre	28,436	31,788	11.8
Blunt	934	1,034	10.6
Hyde	3,675	3,728	1.4
Highmore	3,602	3,650	1.3
Jones	4,228	4,102	-3.0
Murdo	3,860	3,788	-1.9
Lyman	3,764	4,021	6.8
Presho	1,057	1,105	4.5
Mellette	1,146	1,020	-11.0
White River	732	695	-5.0
Perkins	7,367	6,871	-6.7
Lemmon	5,989	5,548	-7.4
Potter	9,860	9,537	-3.3
Gettysburg	6,137	5,669	-7.6
Hoven	3,133	3,266	4.2
Stanley	3,271	3,818	16.7
Ft. Pierre	3,267	3,812	16.7
Sully	3,114	2,965	-4.8
Onida	2,811	2,777	-1.2
Tripp	14,986	15,714	4.9
Winner	14,324	14,441	.8
Todd	3,222	4,058	26.0
Mission	2,880	3,257	13.1
Walworth	15,256	15,512	1.7
Selby	3,616	3,561	-1.5
Mobridge	10,113	10,379	2.6
Ziebach	1,177	1,199	1.9
Dupree	1,092	1,147	5.1
TOTAL	119,996	124,274	3.6

REGION VI			
Bennett	5,516	6,260	13.3
Martin	5,400	6,159	14.0
Butte	15,534	14,411	-7.2
Belle Fourche	12,604	11,574	-8.2
Newell	1,916	1,798	-6.2
Custer	6,128	7,146	16.6
Custer	5,565	6,531	17.4
Fall River	9,935	8,844	-11.0
Edgemont	2,880	1,992	-30.8
Hot Springs	5,905	5,819	-1.5
Harding	1,235	1,401	13.5
Buffalo	1,056	1,172	11.0
Jackson	3,751	4,106	9.5
Kadoka	3,432	3,809	11.0
Lawrence	55,780	66,198	18.7
Deadwood	9,272	10,329	11.4
Lead	31,140	40,456	29.9
Spearfish	10,931	11,387	4.2
Whitewood	1,766	1,504	-14.8
Meade	17,737	18,459	4.1
Faith	1,989	2,016	1.3
Sturgis	12,939	13,451	4.0
Pennington	221,346	234,733	6.0
Rapid City	208,381	219,855	5.5
Wall	4,930	4,833	-2.0
Shannon	1,662	1,640	-1.3
Pine Ridge	518	636	22.7
Washabaugh	59	176	198.1
TOTAL	338,683	363,363	7.3
STATE TOTAL	1,551,813	1,617,174	4.2

SOUTH DAKOTA INCOME AND EMPLOYMENT

TOTAL PERSONAL INCOME
United States, Plains Region and States
1982 and First Quarter 1983
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1982				1983	% Change 1st Qtr. 1983
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	1st Qtr. 1982
United States	2,499,775	2,541,891	2,581,838	2,616,112	2,640,496	5.6
Plains States	180,954	183,135	185,965	188,873	189,989	5.0
Iowa	29,782	30,458	30,885	31,257	31,324	5.2
Kansas	27,311	27,262	27,643	28,038	28,170	3.1
Minnesota	45,135	45,331	45,851	46,891	46,825	3.7
Missouri	49,160	50,093	50,977	51,267	52,088	6.0
Nebraska	16,267	16,508	16,739	17,014	17,089	5.1
North Dakota	6,969	7,013	7,288	7,530	7,698	10.5
South Dakota	6,329	6,469	6,582	6,876	6,796	7.4

Note: Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
June 1982 and June 1983
(In Thousands)

	June 1982	June 1983	% Change	AVERAGE WEEKLY HOURS June 1982	AVERAGE WEEKLY HOURS June 1983	AVERAGE HOURLY EARNINGS June 1982	AVERAGE HOURLY EARNINGS June 1983
Total Employment	237.2	239.0	0.8				
Mining	1.5	3.0	100.0				
Construction	9.2	9.2	0.0				
Manufacturing	24.7	25.7	4.0	40.5	41.9	$7.51	$7.40
Durable Goods	11.8	12.6	6.8	40.3	40.7	$6.90	$6.79
Fabricated Metals & Machinery	7.2	7.9	9.7				
Nondurable Goods	12.9	13.1	1.6	40.7	43.9	$8.10	$7.92
Food & Kindred Products	8.2	7.9	-3.7				
Paper, Printing & Publishing	2.5	2.5	0.0				
Transportation & Public Utilities	12.6	12.3	-2.4				
Transportation	6.9	6.9	0.0				
Communication & Public Utilities	5.7	5.5	-3.5				
Wholesale and Retail Trade	63.7	63.2	-0.8				
Wholesale Trade	16.8	16.7	-0.6				
Durable Goods	7.6	7.6	0.0				
Nondurable Goods	9.2	9.1	-1.1				
Retail Trade	46.9	46.5	-0.9				
Finance, Insurance & Real Estate	11.9	11.8	-0.8				
Services	53.6	54.4	1.5				
Hotels, Amuse., Pers. & Business	15.1	15.2	0.7				
Medical and Health	21.8	22.1	1.4				
Educational, Membership & Social	13.7	14.1	2.9				
Government	60.0	59.4	-1.0				
Federal	10.3	10.4	1.0				
State	16.7	16.9	1.2				
State Education	6.6	6.3	-4.5				
Local	33.0	32.1	-2.7				
Local Education	17.9	17.5	-2.2				

Source: South Dakota Department of Labor, "Labor Bulletin".

SOUTH DAKOTA AGRICULTURAL INDICATORS

CROP PRODUCTION SUMMARY
South Dakota
Aug. 1, 1983
(000's Bushels)

	1982	Estimated 1983
Wheat, All	99,630	87,956
Winter	37,400	48,000
Durum	3,480	2,156
Other Spring	58,750	37,800
Corn, All	--	--
Corn, Grain	192,720	119,000
Barley	23,435	25,200
Oats	133,800	90,750
Rye	4,680	6,840
Flaxseed	3,335	1,470
Soybeans	25,730	27,115
Sorghum, Grain	17,250	14,400
Sunflowers	659,980	--
Potatoes, Fall	1,550	--
Hay, All	8,635	8,577
Alfalfa	5,880	5,967
Other	2,755	2,610

Source: S.D. Crop & Livestock Reporter

PRICES RECEIVED BY FARMERS FOR COMMODITIES SOLD--SOUTH DAKOTA JUNE 1982 and JUNE 1983

Commodity and Unit		Base Period Price 1910-1914 Average	June 1982	June 1983	June 1983 Price as % of Base	June 1983 Price Above or Below June 1982
Wheat	Bu.	.85	3.54	3.74	440	5.6
Corn	Bu.	.51	2.44	2.84	557	16.4
Oats	Bu.	.35	1.74	1.50	429	-13.8
Barley	Bu.	.59	2.26	1.98	336	-12.4
Flaxseed	Bu.	1.68	6.49	4.95	295	-23.7
Milk, Whsl.	Cwt.	1.82	1/	1/	---	---
Eggs	Doz.	.196	1/	1/	---	---
Cattle	Cwt.	5.24	61.90	58.60	1118	-5.3
Calves	Cwt.	6.08	67.70	67.40	1109	-0.4
Hogs	Cwt.	7.07	57.20	43.90	621	-23.3
Sheep	Cwt.	4.24	15.40	12.80	302	-16.9
Lambs	Cwt.	5.66	60.40	54.30	959	-10.1
Wool	Lb.	.178	.73	.60	337	-17.8

1/ Season average price only

Source: South Dakota Crop and Livestock Reporter

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS
(Percentage Change Like. Previous Year)

City	Taxable Sales[1] Total	Retail	Services	Telephone Services[2]	Housing Starts[3]	Postal Indicator[4]	*Employment[2]
Aberdeen	3.2	4.9	6.6	-0.8	3119.1	3.6	-2.5
Belle Fourche	-2.0	-2.5	-1.1	-1.8	-78.2	NA	-3.3
Brookings	7.1	6.5	14.3	NA	123.1	2.1	-1.0
Canton	-2.0	-3.3	1.6	0.4	NA	NA	-2.2
Chamberlain	-1.7	-5.0	-5.4	0.7	-32.7	NA	3.8
Deadwood	9.1	2.7	38.5	-1.1	--	NA	14.7
Hot Springs	-1.6	1.7	-18.3	NA	146.2	NA	2.8
Huron	4.0	2.2	1.6	-2.1	106.7	-5.6	-3.8
Lead	-9.0	-4.3	40.0	-3.4	--	NA	14.7
Madison	10.9	7.9	4.5	6.2	-2.1	NA	-2.9
Milbank	1.2	1.8	15.0	0.9	315.6	NA	5.5
Mitchell	6.3	4.9	7.1	-1.2	-20.9	-16.2	-3.2
Mobridge	-1.1	0.3	-6.1	-0.6	--	NA	-5.7
Pierre	6.4	8.1	1.2	-0.2	495.0	-8.1	-0.5
Rapid City	7.8	7.6	7.3	1.1	420.4	-2.2	0.6
Sioux Falls	10.2	9.8	17.3	2.0	195.1	0.1	3.8
Sturgis	5.6	3.6	13.9	-0.1	NA	NA	5.3
Vermillion	9.8	7.5	17.9	-2.2	32.4	NA	-0.1
Watertown	3.1	1.6	13.7	-0.8	99.1	2.3	-4.0
Winner	3.5	-0.7	28.4	-0.6	--	NA	0.5
Yankton	6.6	4.0	18.9	0.0	557.7	-23.5	-3.3

*County Data

[1]Taxable Sales-percentage change for first quarter 1983/first quarter 1982

[2]Telephone Services and Employment-percentage change for June 1983/June 1982

[3]Housing Starts-percentage change for first half 1983/first half 1982

[4]Postal Indicator-percentage change for second quarter 1983/second quarter 1982

SOUTH DAKOTA
Business Review

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CONSUMER PRICE INDEX

United States
Jan.-June 1983

Item	Jan.	Feb.	Mar.	Apr.	May	June	Unadjusted % Change Jan.-June 1983
All Items	293.1	293.2	293.4	295.5	297.1	298.1	1.7
Food & beverages	280.7	281.6	283.2	284.6	285.0	284.7	1.4
Food	288.1	289.0	290.5	291.9	292.4	292.0	1.4
Alcoholic beverages	211.6	213.3	215.1	216.1	216.6	217.0	2.6
Housing	317.9	318.5	318.6	320.3	321.8	323.1	1.6
Shelter	338.3	339.2	339.3	341.7	342.7	343.6	1.6
Renters' Cost	100.8	101.2	101.4	101.8	102.2	102.5	1.7
Homeowners' Cost	100.7	100.9	100.9	101.7	102.0	102.2	1.5
Fuel & other utilities	365.4	364.6	363.8	363.6	369.3	373.6	2.2
Fuels	463.5	461.5	459.7	459.2	468.3	475.2	2.5
Fuel oil, coal & bottled gas	671.1	654.0	625.3	610.6	621.0	620.0	-7.6
Gas (piped) & electricity	413.5	414.5	418.0	420.5	429.1	437.4	5.8
Other util. & Pub. Services	210.1	210.9	211.4	211.7	212.5	213.2	1.5
Household furnishing & operation	235.8	236.7	237.6	239.0	238.4	238.6	1.2
Apparel & upkeep	191.0	192.0	194.5	195.5	196.1	195.6	2.4
Transportation	293.0	289.9	287.4	292.3	296.2	298.3	1.8
Private transportation	288.4	285.2	282.7	287.5	291.7	293.8	1.9
Public transportation	357.7	355.2	354.5	361.1	359.2	361.2	1.0
Medical care	347.8	351.3	352.3	353.5	354.3	355.4	2.2
Entertainment	241.5	243.1	244.6	244.6	244.8	245.4	1.6
Other goods and services	279.9	281.6	281.9	283.2	283.6	284.5	1.6

*Consumer Price Index for all Urban Consumers

Source: Bureau of Labor Statistics, U.S. Dept. of Labor

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